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INDIAN AGRICULTURE

HEARING

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

OVERSIGHT HEARING ON INDIAN AGRICULTURE

NOVEMBER 2, 1989
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INDIAN AGRICULTURE

THURSDAY, NOVEMBER 2, 1989

U.S. SENATE,
SELECT COMMITTEE ON INDIAN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9:32 a.m., in room 485, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the committee) presiding.

Present: Senators Inouye, McCain, and Daschle.

STATEMENT OF HON. DANIEL K. INOUYE, U.S. SENATOR FROM HAWAII, CHAIRMAN, SELECT COMMITTEE ON INDIAN AFFAIRS

The CHAIRMAN. This morning we gather to review issues related to Indian agriculture. In fact, this is the first time this committee will be initiating a hearing on this issue. We hope that this will not be the last. We are here to learn from the tribes how we might do a better job in assisting them to more fully use the natural resources of the land.

As we all know, Indian agriculture varies greatly from one region to another and currently parallels off-reservation agriculture in kind if not in scale. Ancient and traditional agricultural pursuits are practiced throughout Indian country as is illustrated by the continued hand-harvesting of wild rice crops by the Great Lakes Indians, the gathering of berries and roots by the Northern Tier Tribes and Alaskan natives and subsistence farming practiced throughout Indian country.

Modern commercial agriculture is also common throughout Indian country. Examples of private commercial Indian agriculture enterprises include livestock, dry land farming of small grains in the northern Great Plains, intense production of high value table crops under irrigation in the Southwest, fruit, nut, vegetable, small grain production under both irrigation and dry land conditions in the Pacific Northwest and cattle and citrus fruit production in the Southeast.

So tribal governments are involved in a wide array of agribusiness pursuits such as meat packing plants, hydroponic greenhouses, nut orchards, tribally owned farms and ranches such as the Arapaho ranch on the Wind River Reservation and the leasing of millions of acres of privately owned lands to individual farmers and ranchers for agricultural purposes.

While agriculture cannot meet all of the economic development needs of Indian reservations, farming and ranching do provide the primary source of entrepreneurial opportunities. However, apparently Indian agriculture is not currently receiving the kind of sup-

port that it needs. This committee has received numerous reports from tribes suggesting that the Bureau of Indian Affairs has decreased its support and emphasis on agriculture as an option for self-determination and self-sufficiency in Indian country.

The resulting effect on Indian farmers and ranchers and on tribal enterprises has been a steady decline in service, profitability and survivorship in the competitive agriculture business community. With the continued deprioritization of agriculture as a viable means of achieving economic development on Indian reservations, a noticeable decline in the primary Indian industry of agriculture has been accelerated.

For example, in 1983, 6 years ago, 30 percent of the Indian-owned farm lands were actually farmed by Indians. Two years later in 1985, that percentage had dropped to 25 percent. The same trend is occurring in the livestock industry in Indian country. In 1983, Indians used 95 percent of the grazing lands on reservations. Three years later in 1985, this figure also dropped to only 35 percent from 95 percent. For both farming and ranching, Indian land use fell off a full 10 percent in those 2 years alone.

So, we gather this morning hoping to obtain recommendations from these hearings on turning these trends around. We will be looking for ways to improve the Bureau's programs and opportunities to improve other agricultural programs with Indian provisions in the 1990 Farm Bill, a bill that is before the Senate Agriculture Committee and under very active consideration.

That committee has indicated a willingness to hold joint hearings with our committee and we would hope that out of the hearings this morning, we would have identified issues that would be addressed in a joint hearing early in the next session.

I have been advised that although Dr. Eddie Brown very much wanted to be here with us this morning to present testimony on behalf of the Department, an emergency has prevented his appearance at this time. However, I am assured that Dr. Brown intends to commit the full resources of the Department in addressing the issues we will discuss this morning.

This morning, we will have four major panels. Our first panel will be made up of the following. It will give us an overview of Indian agriculture. We have the Director of Public Affairs of the Department of Agriculture, Dr. Paul Kindinger, the Deputy Assistant Secretary for Trust and Economic Development of the Department of Interior, Bureau of Indian Affairs, Mr. Patrick Hayes, the President of Intertribal Agriculture Council of Beggs, Oklahoma, Mr. Robert L. Miller, and the President of the Southwest Indian Agriculture Association of Parker, Arizona, Mr. Elliott Booth.

Gentlemen, I thank you for your presence here this morning and we welcome you.

Dr. Kindinger, would you like to proceed?

STATEMENT OF PAUL KINDINGER, DIRECTOR, PUBLIC AFFAIRS OFFICE, DEPARTMENT OF AGRICULTURE, WASHINGTON, DC, ACCOMPANIED BY STUART JAMIESON, COORDINATOR, NATIVE AMERICAN ACTIVITIES, BUREAU OF INDIAN AFFAIRS; KEITH SMALLEY, FARMERS HOME ADMINISTRATION; DICK RANKIN, AGRICULTURAL EXTENSION SERVICE; AND DAN SHAW, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Mr. KINDINGER. Thank you very much, Mr. Chairman, and we appreciate the opportunity to appear before you and to review the status of the Department of Agriculture's initiatives that address issues involving Indian agriculture.

Indicative of our interest in this area, I have brought with me several people who work on these programs and these issues at the U.S. Department of Agriculture on a daily basis. First is Stuart Jamieson on my left who is the coordinator of Native American Activities in our Office of Intergovernmental Affairs, which is within my area of responsibility. We also have with us today Keith Smalley of the Farmers Home Administration, Dick Rankin of the Extension Service and Dan Shaw of the Agricultural Stabilization and Conservation Service.

The USDA has placed a high priority on making sure that the American Indians and Alaskan natives have equal access to the programs of the Department. To underscore the importance of this effort, USDA established the Native American Working Group a few years ago. The purpose of the Working Group is to help coordinate programs and to guide and counsel agencies working with tribal groups and individuals. The Working Group consists of senior Department officials. We learned a lot in recent years about how to overcome barriers, both legal and cultural and we are still learning.

In the past, conflicts over State and tribal laws, interpretation of Federal civil rights statutes and concepts of land ownership and rights all had combined to deny tribal groups access to our programs. But with the cooperation and assistance of tribal organizations such as the Intertribal Agricultural Council and the Southwest Indian Agricultural Association, we have removed many barriers and I know that the learning process has been a mutual one.

Many of us may be unaware that the greater portion of the world's fruit and vegetable diet that we enjoy today was developed and harvested by American Indians long before the arrival of Europeans. According to our Economic Research Service, there is not one country in the world that does not grow some food crops native to the Americas. It was with this in mind during last year's USDA's Native American Heritage Week that a tree on the grounds of the Department was dedicated to Native American Indians in commemoration of their many contributions to American agriculture.

Let me also share some of the other initiatives that we have taken recently. Most significant was an agreement in principle with the U.S. Department of Interior. It says in part, "The USDA is the lead agency of the Federal Government for providing effective and efficient coordination of Federal agricultural and rural development programs. In providing its services, USDA recognizes its

responsibilities with regard to American Indians. USDA recognizes that these entities possess the right to exist as separate governments with authority to govern themselves and manage their resources."

In support of this agreement, our Soil Conservation Service, our Agricultural Stabilization and Conservation Service and Extension Service have each updated their memoranda of understanding with the Bureau of Indian Affairs. A special committee on finance was established between our Farmers Home Administration and the Bureau of Indian Affairs. Likewise the Forest Service, as a result of a national study to identify ways of improving its relationship with American Indians and Alaskan Natives established a Native American policy and Tribal government manager position to provide that program with direction.

In addition, the USDA Soil Conservation Service in association with the Southwest Indian Agricultural Association sponsored a Native American Agricultural Symposium at the Scottsdale Community College in Arizona to provide an information source for Indian youths interested in USDA careers. The Office of Personnel is also developing an outreach employment program designed to attract more American Indians and Alaskan natives into the USDA work force.

Farmers Home Administration recently held meetings on all four Indian reservations in North Dakota for the purpose of reaffirming Farmers Home Administration's commitment to better serve the needs of those tribes and their members. We're also working with tribes in Montana. Meetings likewise have been scheduled with tribes in Oklahoma. More outreach meetings will be considered as the need arises.

I might also mention that an informal group called the American Indian and Alaskan Native Agricultural Network meets on a regular basis at USDA. The purpose of this group is to serve as an information network to enhance the work of such groups as the Intertribal Agricultural Council, the Southwest Indian Agricultural Association, the National Congress of American Indians and any other organization that wishes their services.

The membership of the group includes not only USDA but other Federal agencies that work closely with tribal groups on agricultural issues. We are very proud of what we have accomplished at USDA. We also know that more needs to be done. We seek your counsel in helping USDA develop ways to speed progress for the benefit of Indian agriculture. Next week we are again recognizing and celebrating the Native Americans' contribution to this country's heritage. The theme is "Dignity Above All Things."

We have a program scheduled on November 9 on the patio of the USDA's administration building. I might also mention as an aside, Mr. Chairman, my family's special interest in Native American culture and activities because my wife is over one-half Cherokee. At this point, I would conclude my testimony. My colleagues would be pleased to answer any questions that you might have.

Thank you.

[Prepared statement of Mr. Kindinger appears in appendix.]

The CHAIRMAN. I thank you very much, Doctor. I would like to tell you that I am impressed by your statement and the efforts

being made by your Department. However, how do we explain the fact that since 1983 the productive use of farm land and grazing land has decreased and in some cases rather precipitously?

Mr. KINDINGER. Well, Senator, I certainly don't pretend to be the expert at this juncture on what's happened in some of these efforts. I do know that that particular period has been a very difficult one for all of agriculture as I'm sure you're aware. I know also that as I said in the statement, we have been making progress but perhaps not always as rapidly as we should have either.

I would call on some of my colleagues if you would allow that to see what they might add.

The CHAIRMAN. All right.

Mr. KINDINGER. Stuart.

Mr. JAMIESON. Due to the economic slowdown during those times, tribes have had to readjust their economic development activities and, as Dr. Kindinger mentioned, the economy has affected the country as a whole. Indian country and Indian tribes haven't really been operating as profitably as they ordinarily could and it hit them a lot sooner than the rest of the country. We recognize that there are problems out there and we're trying to get our agencies together so that we can address those needs in whatever way we can.

That's why we're here trying to seek your counsel and also from the other organizations on how our programs could better meet the needs of the tribes.

The CHAIRMAN. Are the indicators suggesting that we would have an upswing soon or shall we continue going down?

Mr. JAMIESON. Well, last year the Department of Agriculture did an estimated $280 million worth of business with Indian tribes and in some years back, that was up to $500 million but from the signs I can see, with the formation of the Intertribal Agricultural Council and also the Southwest Agricultural Association, I think there's going to be a better understanding of what the tribal needs are in regard to agriculture and perhaps we can better those statistics in the future.

Mr. KINDINGER. Senator, if I might follow up on that, I think the last couple of years economically have been better ones for agriculture in general. I think one of the areas that we would certainly like to explore even further as we go forward are the programs for helping to market our crops and the products not only from our tribes in the Indian communities but also across agriculture.

I think marketing and market access are very key issues in terms of some of the things we need to look at in the future for making those improvements.

Senator MCCAIN. Mr. Chairman, I had an opening statement. I'd like to ask unanimous consent that it be included in the record. I think this is an important hearing. I thank the witnesses for being here. We need obviously to address this issue not only from the viewpoint as we're looking at it today but also we should not neglect the important impact of water and irrigation on the whole agriculture issue.

I thank you.

[Prepared statement of Senator McCain appears in appendix.]

The CHAIRMAN. I thank you very much, Senator.

May I now call upon the Deputy Assistant Secretary, the Honorable Patrick Hayes.

STATEMENT OF HON. PATRICK HAYES, DEPUTY ASSISTANT SECRETARY FOR TRUST AND ECONOMIC DEVELOPMENT, BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. HAYES. Good morning, Mr. Chairman, Senator McCain.

Mr. Chairman, as you indicated in your opening statement, Dr. Brown was advised late yesterday that there were other matters within the Department that he needed to be present for and he extends his regrets and apologies to the committee and to the other panelists who are to follow for his inability to attend this hearing.

As you pointed out, he has indicated a willingness to support the recommendations which not only the Congress but which the Indian tribes and our other Federal agencies which are involved in agriculture might put forward. We are supportive of Indian agriculture.

With that, Mr. Chairman, we have submitted our written testimony and I would ask that it be included in the record and would ask that I be permitted to summarize the written testimony.

The CHAIRMAN. I would like to assure all witnesses that their full statements will be made part of the record and if your wish is to summarize, you are most welcome, sir.

Mr. HAYES. Thank you, Mr. Chairman.

In his confirmation statement, Dr. Brown touched upon his approach to Indian agricultural programs. His approach places a heavy emphasis on working with tribal governments. We believe this to be the only sensible approach in this period of time which is one of dynamic change for tribal governments and the Bureau of Indian Affairs.

The foundation upon which we intend to build any Bureau of Indian Affairs program is determined through a recognition of tribal self-government and support for tribal governments. Dr. Brown has made a determined effort early in his tenure as Assistant Secretary for Indian Affairs to meet with many tribal governments and to date, he has met with well over one hundred. Thus we are most pleased to discuss Indian agriculture programs with those tribal representatives here today and view this as an opportunity to continue our discussions begun earlier.

We are convinced that together, the Congress, tribal governments and the BIA will build a stronger, more effective Indian agriculture program. From the late 1940's through the early 1960's, the Bureau of Indian Affairs intensified its agricultural-related programs encouraging many young Indians to pursue farming and ranching careers. Beginning with the mid-1960's under the Great Society programs, natural resource programs became secondary to industrial development and human resource programs.

What is recognized today, however, is the interrelated nature of natural resource and other programs in developing a healthy, broad-based Indian reservation economy and it is quite proper to re-examine the agriculture program in that light. That agriculture is important to the reservation is not in dispute. Farming and ranching provide the main source of entrepreneurial opportunity to

Indian people living on reservations with over 33,000 Indian families engaged in agricultural pursuits. Yet, due to severe drought conditions and hard economic times, there has been a decline in recent years in Indian-operated farms and ranches even as the value of crops grown on these lands has increased.

A key element of Public Law 99–190 passed in 1985, in addition to its requirements concerning drought relief, was the charge to determine the effectiveness of Federal and tribal roles in resource management related to ranching, agriculture and other land uses on Indian reservations. The National Indian Agricultural Working Group, an outgrowth of that legislation, provided in its December 1987 report to Congress 32 wide-sweeping actions encompassing statutory authority, Departmental regulation, agriculture policy and BIA working policy.

Progress has been made in a number of areas identified by the Working Group with a major one being the formation and chartering of the Intertribal Agriculture Council. Dr. Brown will have the privilege of attending and speaking to this Council later this month in Albuquerque. It is our intention and privilege to work closely with this group and with tribal governments as we jointly address the many challenging issues facing Indian agriculture today.

This concludes my summary statement, Mr. Chairman. I will be happy to answer any questions the committee may have.

[Prepared statement of Dr. Eddie Brown appears in appendix.]

The CHAIRMAN. Mr. Hayes, you have also noted in your testimony the decrease in the use of farmland and grazing land. Has the situation improved or is it getting worse?

Mr. HAYES. Mr. Chairman, if I might, I speak not from a wealth of statistical background to back up what I'm about to say but only from some personal observations in working with some of the tribes down in the Southwest and from that personal observation, it appears as though within the past couple of years, anyway, that there seems to be a turnaround in the agricultural economy. There doesn't seem to be the tough times that existed back in the mid-1980's. Indian tribes and their agriculture enterprises and individual Indian farmers appear to be obtaining and maintaining a decent living, obtaining a decent price for the crops which they grow.

So I guess in summary, sir, I would say that it appears as though there is some turnaround.

The CHAIRMAN. Does the BIA in addition to assisting productivity from the sense of profit also involve themselves in assisting in subsistence economy, just consumption by family?

Mr. HAYES. I'm not sure I understood the question exactly, sir.

The CHAIRMAN. Much of the testimony here is the productive use of these lands and the return that one can get from such production but history has shown that throughout the ages, much of these lands were utilized for subsistence economy to be used by the tribes themselves or the families themselves and not for commerce purposes.

Are we also assisting Indian families and tribes in this endeavor?

Mr. HAYES. Yes, sir; we are and that assistance is through not only technical assistance and support for activities similar to agricultural extension services but also in irrigation support, providing

irrigation services to these lands so that they can support their subsistence crops. As you're aware, subsistence spills over into other activities also—berries and rice and fish and game and things of that nature.

The CHAIRMAN. Dr. Kindinger brought up a very important point. One can utilize the latest equipment and the best seeds, the best fertilizer, but if you can't market your products, it's going to be all wasted.

Are we assisting Indians in marketing?

Mr. HAYES. There is to my knowledge no specific program within the Bureau of Indian Affairs to assist agriculture—individual Indians or tribes in marketing their agriculture products. It is the intention from my understanding that what we would hope to do is to utilize our relationship with the Indian Agriculture Council to look to them to be in the forefront to assist in marketing activities.

The CHAIRMAN. Dr. Kindinger, do the present programs, the present laws, provide you sufficient authority to help Indian reservations in marketing?

Mr. KINDINGER. I believe that again it's a matter of—a lot of our programs are oriented towards marketing, particularly some overseas marketing activities. Whether or not again we have that authority, I'm not a legal expert, I've been in Washington just a short time, but I also know that one of the things that we certainly need to concentrate on is making those programs accessible as we have some of our other programs and that's something certainly we have the authority to work on now.

The CHAIRMAN. May I request that your lawyers get together with our lawyers and see if amendments to the laws are necessary to provide you with sufficient authority to assist Indians?

Mr. KINDINGER. In the area of marketing?

The CHAIRMAN. Yes.

Mr. KINDINGER. Certainly.

The CHAIRMAN. Because we may have legal problems because of the land tenure problems. So your assistance will be most invaluable.

May I now call upon the President of the Intertribal Agriculture Council of Oklahoma, Mr. Miller.

STATEMENT OF ROBERT L. MILLER, PRESIDENT, INTERTRIBAL AGRICULTURE COUNCIL

Mr. MILLER. Thank you, Mr. Chairman.

Mr. Chairman, Members of the committee, I want to thank you on behalf of our 54 member tribes for holding these oversight hearings on Indian agriculture.

It is our hope that these particular hearings will mark the beginning of a concerted effort initiated by Congress in cooperation with the Executive Branch and tribal governments to address and solve some of the difficulties and seize opportunities to develop Indian-owned, renewable natural resources. With this kind of cooperative new beginning, longstanding unsolved issues which have hampered development in Indian countries throughout the 20th century can finally be put aside and a fresh new agenda for self-determination and self-sufficiency with Indian use of Indian resources can begin.

One of the barriers to full prosperity in Indian communities is the lack of Indian use of Indian resources. Renewable natural resources should serve as a focal point for Federal and tribal programs in economic development, self-determination, tribal enterprise and infrastructure development.

The potential success of this approach has been demonstrated by the Tribes by both the timber and fishery tribes in cooperation with Congress and the Bureau of Indian Affairs. These examples of success should be used as models to promote the orderly development of agriculture and land-based resources.

To emphasize the importance of Indian agriculture, recent reports of the Bureau state that agriculture production in 1984 was valued at almost two and a half times the value of all oil and gas income and nine times the value of all forestry products owned on Indian lands. This same report also states that only 35 percent—as you stated earlier—of Indian-owned farmland is used by Indians which clearly demonstrates the potential for improvement.

The same report further states, "Although agriculture is a primary contributor to reservation economies and employment, funding for all of agriculture programs has averaged only 2¼ percent of the total BIA budget for the past 10 years." To further illustrate this point, the BLM spends an average of 93 cents an acre to manage Federally-owned lands while the BIA spends only 24 cents an acre for similar management of Indian-owned trust lands.

We realize that agriculture differs greatly from region to region as do Indian tribes. Indian and non-Indian agriculture differs also. For instance, Indian agriculture suffers long-term instability because of lack of capital, poorly-developed land, land ownership problems, uncertain tenure terms, isolation and lack of community infrastructure. We believe that to solve some of these major problems in Indian agriculture, we need to focus our efforts in three important areas. They are land, resource development—both human and physical—and credit. Each of these topics is covered in my written testimony and will be further discussed by the following speakers. So I have limited my talk to this brief overview.

Mr. Chairman, we certainly don't have all the answers to these complex problems. With your leadership in Congress and the cooperation of the Executive Branch and tribal governments as well as individual Indian ranchers and farmers, great strides can be made toward solving the many things that have stifled progress in Indian agriculture for the past decade.

Thank you very much.

[Prepared statement of Mr. Miller appears in appendix.]

The CHAIRMAN. All right. Thank you very much, Mr. Miller.

With your permission, Senator McCain, I would like to call upon Mr. Booth and then we will ask the whole panel questions.

May I now call upon the president of the Southwest Indian Agriculture Association of Parker, AZ, Mr. Elliott Booth.

STATEMENT OF ELLIOTT BOOTH, PRESIDENT OF THE SOUTHWEST INDIAN AGRICULTURE ASSOCIATION

Mr. BOOTH. Thank you, Mr. Chairman. My name is Elliott Booth and I'm Vice Chairman of the Colorado River Indian Tribes and

President of the Southwest Indian Agriculture Association. Just briefly, I'd like to call the names of those who are present today with me and they represent agriculture in Arizona: Leona Kakar from Ak-chin, Hill River Farms, Harry Cruye, Ardell Ruiz and Don Antone who's also the Vice President of the Southwest Indian Agriculture Association. Also with the Gila River Land and Water Association we have Terry Buttons, Ramona Ruiz, Ardell Ruiz and from an individual farmer who is farming on the Gila River Indian community is Ramona Buttons with her husband, Terry.

They traveled a great distance because they're interested in this hearing and if there are any questions that arise that I cannot answer, I'm sure if they know the answers they will provide them to you.

The CHAIRMAN. Will you please all stand up so we can see who you are?

[Participants rise.]

Mr. BOOTH. We say hello to John McCain, our Senator from Arizona.

Senator MCCAIN. We're very grateful that you're here and I've had the pleasure, Mr. Chairman, of knowing everyone who's here. They're wonderful citizens in my State and I think they can add a great deal in helping us resolve and make progress on the issues that we're addressing here today.

Mr. Chairman, I want to thank you for making them part of this panel and part of the process that we're going through.

I welcome my friends from Arizona.

Mr. BOOTH. I'm going to summarize our prepared statement. We have combined all of our statements for the record and as he said, it will be included.

Let me tell you just a brief background about the Southwest Indian organization. We were formed in 1988 so we're a very young organization. We are comprised of tribal organizations which means tribal farms and individual native Americans engaged in agriculture. We have agriculture associates and members who are from the agriculture, agribusiness sector. We are a 12-member board which is our governing board. We have a membership consisting of 16 Tribes in Arizona, California, New Mexico, and Nevada. One of the purposes of the organization is to provide a forum to exchange information, help recognize and resolve problems, educate the non-Indian community about Indian agriculture, make local decision makers in the Southwest and in Washington, DC aware of the issues facing Indian agriculture and as I said, our organization is very young but I think we're making progress.

My purpose here today is to give you a general overview of Indian agriculture in Arizona or in the Southwest. As we view it, Indian agriculture is an important aspect of economic development and should be viewed as such. I think as you heard in the earlier statements, capital formation and those things may be a problem, and what is the Bureau doing to help that, I think because agriculture is not viewed as an economic development activity, it gets lost in the shuffle and not enough emphasis is placed on it.

So we want to come away today saying that the Bureau or those responsible, decision makers, should view it as one of the economic development activities on reservation because it does generate

income and it helps the economy on the reservation as well as the State and local communities. So we leave that point with the committee.

In farming, our farming consists of small garden subsistence farming to large commercial production. We grow stable income crops to high value cash crops. We engage in fish farming, aquiculture, guayule for rubber production and we have families with one, two cows up to tribes and tribal herd associations that have thousands of livestock heads in their ranching operations.

Agriculture provides income to the tribal budget to help pay for governmental services and for the 60 individual Indian farmers in Arizona for the basic necessities for livelihood. We feel that Congress and the Federal agencies must understand the scope and complexity of Indian agriculture. Failure to understand may result in counterproductive or inconsistent actions rather than coordinated long-term solutions to issues confronting Indian agriculture in the 20th and 21st centuries.

As was stated earlier by one of the panelists, issues are complex and vary among tribes by region but properly addressing the issues of common concern will provide the framework for individual Tribal development. One of the problems that we proceed to be is one of capital formation. We must have sources of capital to develop reservation agriculture. What hinders it is that we sometimes have no track record or credit history to get the necessary capital that we need. We have a problem with BIA direct loan development, primarily for non-agriculture development and these agricultural development programs are severely underfunded. We have a problem with the BIA loan guarantee program.

With the loan guarantee program, it presents an image to the private financial institution because to be eligible for a BIA loan guarantee program, you must be turned down by three lending institutions to qualify. So that doesn't help. Lenders are leery because of the trust status of reservation lands so we need to come up with some kind of standardized financing documents much like FHMA that the banks are familiar with dealing with.

Water rights, claims and delivery systems—water rights claims must be resolved. Wet water must be delivered to lands out of production and new lands now economically feasible to develop. We must improve the O&M systems on the reservations. Much of the irrigation systems are outdated and antiquated by today's standards. The committee must consider and support each tribe if they wish to contract for their own management of their irrigation system.

We need foresight hearings on irrigation to focus on the problems that confront us in Indian country. I think you would be amazed about the problems we have.

Leasing trust lands is regulated by BIA to fulfill the United States trust responsibility. Some revisions in the regulations consistent with that responsibility should be considered to facilitate development and this should be done on a local community basis. We heard from the Department of Agriculture. Although there have been some efforts to improve the communication with the Department of Agriculture, we need them to become more aware of Indian agriculture.

I think because of the regulations that are within USDA, sometimes they don't fit Indian agriculture, because they don't understand the uniqueness of Indian agriculture. The tribes are not only governments but they're engaged in business and raising crops and they're in agriculture and some of their regulations that are developed don't fit and therefore, we are faced with hardships at times. We're not able to participate fully in the programs or else we're asked to do more things that are required of us.

So we want to also improve that relationship and I'm glad to hear that they made that statement down the road a little piece. I invited them to come down to Southwest and take a look at Indian agriculture and hopefully they will do that.

To conclude my statement, we have some recommendations and one of the recommendations that we have is that we want to have the Senate Select Committee on Indian Affairs hold a joint hearing with the Senate Agriculture Committee to identify problems and develop solutions. Of course, we want the Senate Select Committee on Indian Affairs to conduct irrigation hearings on a regional basis, if that's possible. Also, we want to have the Senate Select Committee on Indian Affairs to make sure that Indians are consulted when there are farm bills that are being developed in Congress.

I thank you. This concludes my statement and I'll be happy to answer any question that you may have.

[Prepared statement of Mr. Booth appears in appendix.]

The CHAIRMAN. I thank you very much, Mr. Booth. Your testimony has been extremely helpful because it coincides with some of our findings.

When I was given the high honor of becoming Chairman of this committee, one of the first decisions I made was to the extent possible, to go to Indian country to seek answers for Indian problems because I have long felt that no matter how well intentioned and good spirited we may be, solutions made in Washington without any background knowledge of problems and culture and history oftentimes would make the situation worse than help.

As you know, I have spent more time in Indian country than any of my predecessors and I hope to continue to do that. We have been advised that there are many problems and I would like to present them to you and ask you the extent of the problem and what has been done and what should be done.

In the area of water rights and irrigation, that is a separate package that we are working on, separate legislation that we are heavily at work in this area. So we will not touch that at this time. However, we are well aware that in order to make your enterprises successful, you need credit, access to credit. One area is the private sector. The other area is the Government. First, in the private sector, because of the nature of your land, much of it being held in trust, you have some difficulty mortgaging or borrowing on it.

However, we have been told that in many areas, banks are now carrying out practices that we had hoped would be a thing of the past and that is red-lining. Can the members of the panel tell me a description of the problem today in access to credit in the private sector, what is being done, and more importantly, what should be done?

Mr. BOOTH. If I may, Mr. Chairman, lead off and I'll pass the mike down, I can only relate to the situation on my reservation which is Colorado River. There seems to be little problem in getting loans for crops primarily because crops are used for collateral and it's only usually normally done on a year to year basis.

The problem comes in where you want to go in and develop new lands. In our case, we have 30,000 acres yet to be developed. We can't get the capital to get it into production. The problem with the banks is because of trust status. So they're leery—or if they're willing to make a loan, they want in some cases triple collateral, taking the equipment or whatever project you're going into and they keep imposing more collateral than they would if it was a fee land.

So one of the ways that we think we're going to improve our situation at home is that we have to take the initiative to develop uniform commercial codes so that the banks are comfortable, that we have codes, and that if they had to foreclose that there's a mechanism to do so.

So we're going to be working on that on our reservation this year to see if those codes can be developed and implemented. So it's more of a comfort level in the credit history that you develop with the bank that I think is the problem but as I say, they vary from reservation to reservation.

The CHAIRMAN. Mr. Miller, how would you describe the problem?

Mr. MILLER. Mr. Chairman, the main problem with agriculture credit began back in about 1984 when David Stockman came down with the directive that there would be no more collateral lending. Everything had to be loaned on a cash flow basis and as you well know, some years a farm or a ranch just doesn't cash flow. Of course, along in that time too, credit became very expensive. The interest rates went from 15 to 21 percent in some cases. So we started out under one set of rules and in the middle of the game the rules changed and it just totally devastated agriculture—both Indian and non-Indian agriculture.

It had a domino effect in that it decreased the value of land and equipment and immediately we started having foreclosures all over the country as you well know. These in turned caused banks to go broke of course, in the agriculture sector. So we haven't yet gotten over that particular blow. The interest is still high. I've been in agriculture, in the ranching business all my life and we had a difficult time with 6 percent interest on borrowed money back 20 years ago, back 20-25 years ago. So when the interest went to 15 and better, of course, you can see the effect that it had on us.

The banks now are reluctant to loan—they're hampered with new regulations every day on loaning on land or chattels and the banks in the Southwest, particularly in Oklahoma and Texas, are just having difficulty meeting those new regulations and keeping afloat. So credit is almost unavailable in the Southwest for non-Indians as well as Indians and it's much more difficult for the Indian population than the non-Indian. So this kind of doubles that effect and I don't know that I have any answers except that we desperately need in agriculture some long-term credit with reasonable interest rates. It's almost imperative for agriculture to pull out of this deep depression it's been in.

The CHAIRMAN. I suppose there is not much we can do to resolve this matter of credit in the private sector other than measures that we are considering at this time on setting up a separate Indian bank but this is where the Government because of our unique relationship I think has some responsibilities—trust and otherwise.

I would like to ask the Government witnesses, do you consider the Farmers Home Loan Program to be sufficient?

Mr. KINDINGER. Mr. Chairman, if I might, we do have someone here from Farmers Home Administration so I will turn to him.

Mr. SMALLEY. Mr. Chairman, we do consider the Farmers Home Administration credit programs sufficient and we are proposing some legislation to enhance our guaranteed program to be incorporated in the 1990 Farm Bill. We think that with some changes in that program, we will be able to meet credit needs of agriculture including Indians.

The CHAIRMAN. May we see drafts of the amendments?

Mr. SMALLEY. We can provide that to you, yes.

The CHAIRMAN. Because of the trust arrangement not only among Indian lands but we have the same situation with Hawaiian lands. If you can come up with amendments to make it easier for credit, I am certain everyone would appreciate it here.

Mr. SMALLEY. We can certainly provide that.

The CHAIRMAN. Thank you.

Yes, sir?

Mr. JAMIESON. One of the reasons for the formation of the special finance committee between the Farmers Home Administration and the Bureau of Indian Affairs was to do things in a more cooperative fashion in dealing with the financial problems of reservation residents and hoping that we can come up with some solutions a lot sooner than waiting until the problem becomes so big that it can't be resolved.

I think we have made some headway but we're looking for some help to try to find some avenues where we could address those financial leases a lot easier. Our biggest problem in the Farmers Home Administration has been security. We've been working with that and in one instance, we've allowed an income of a tribe to be used as security, relieving the tribe from pledging tribal property for that requirement.

So we've been looking at all avenues and how to make our programs applicable to the reservation setting but we know there are still problems out there and the financial need is great out there. It's a lot greater in some areas than in others because there's not enough income generated out there to carry a loan program that the Farmers Home does offer.

The CHAIRMAN. Thank you.

Whenever we bring up agricultural problems with tribal leaders, just about everyone would suggest that there should be a revision in BIA lease regulations. Do you have any comment to make on that?

Mr. HAYES. Yes, sir; we would agree with that assessment. The revision to the leasing and permitting regulations is one of the recommendations that was made by the Agriculture Working Group and that is a matter that is under active consideration. A draft has

in fact been prepared and is before our solicitor's office for review right at the moment.

It's a process which has been ongoing for at least a few years trying to work on those two sets of the regulations. The leasing regulations have been under revision for I have been told, somewhere in the neighborhood of 6 to 8 years and for a variety of reasons, they have not been released in final form.

The CHAIRMAN. May we get into the act also? Can you send us copies of this? We might expedite it.

Mr. HAYES. We'd be happy to.

Mr. MILLER. Mr. Chairman?

The CHAIRMAN. Yes, sir?

Mr. MILLER. May I comment on the Farmers Home Loan?

The CHAIRMAN. Please do.

Mr. MILLER. The past administration, as you know, has guided the Farmers Home Administration away from direct loans into the guaranteed loan program. Currently I understand there are very few direct loans made. Of course, in the time when the banks are having such a hard problem making loans, this makes it doubly difficult for anyone as a last resort trying to go to the Farmers Home Administration for agricultural lending.

Some of the commercial institutions look at a 10 percent guaranteed loan as a guaranteed 10 percent loss. So they don't want to fool with it. In our area particularly they steer away from a guaranteed loan if possible. So that leaves a farmer or rancher with virtually no place to go for operating funds and we've asked the people in the Farmers Home Administration if they would not try to reinstitute direct lending on agriculture. Hopefully you can help us with that, Senator.

The CHAIRMAN. Another area that has been frequently mentioned is a suggestion that agricultural extension services are much more readily available in non-Indian areas as in Indian areas.

Dr. Kindinger, do you have any comment to make on that?

Mr. KINDINGER. Again, Mr. Chairman, we have a member here from the Extension Service who perhaps can answer that for you.

The CHAIRMAN. Would you please identify yourself, sir?

Mr. RANKIN. Yes, Senator Inouye. I'm Dick Rankin, Deputy Administrator for Management in the Extension Service, USDA.

Senator Inouye the Extension Service unfortunately has been retrenching across the country in recent years. In the last 10 years, we've lost about 20 percent of our budget in real terms—in terms of our field staff. So many of the States that are carrying out programs with Indian reservations have experienced significant budget cuts.

Nevertheless, we have recently talked to all the States that are now conducting programs on Indian reservations they are all working with the tribes in planning and conducting programs which will be effective in agriculture, support for families, as well as youth development.

Approximately 15 years ago, there was $4 million of BIA grants to the Extension Service specifically for this type of work. The $4 million at this point has pretty much dried up. Our most recent figures indicate that about $200,000 is being made available nationally from BIA sources for extension work with the tribes. So it is

true that the programs are not nearly at the level that we would hope and we are working now to try to develop proposals to strengthen that.

The CHAIRMAN. I would welcome you to confer with this committee on matters of funding for the Agriculture Committee. I am on the Appropriations Committee, as you know, and I would like to be as helpful as I can. You say that in the last 5 years, your Extension Service budget has been cut by 20 percent?

Mr. RANKIN. In the last 10 years, Senator the appropriations have not kept pace with inflationary costs. We depend pretty much on, as you know, appropriations for extension work made available to States primarily under formula provisions of the Smith-Lever Act. These funds are distributed based primarily on farm and rural populations in each State.

This year in the Congress we have a small increase of about 3 percent in those formula funds. That's the first increase that's been enacted, if the conference report is finally agreed upon, for those particular funds in recent years. These are the funds that are the bread and butter support for Extension. We've had significant losses in item funds in real terms because of inflation.

The CHAIRMAN. Do you believe there is any truth to the suggestion that non-Indian get better extension service than Indian?

Mr. RANKIN. It's certainly not a matter of policy, if that's the case. There may be other reasons. For example, the Federal funds are only one third of the total budget for extension. We also rely very heavily on county and local funds in many of the States as well as State funds. So it may be in some cases that the county and local funds are not available for Extension programs on the reservation. I'm not sure of that.

In any case, it's certainly not a matter of policy and I know the States are all attempting to strengthen their programs wherever they can on the reservations.

The CHAIRMAN. I thank you very much, sir.

The other area that Indians have brought to my attention is the feeling that much more effort should be made in the education and training, especially of young Indians, in range management and agricultural enterprising.

Does the BIA have any comment to make?

Mr. HAYES. Yes, sir; we in the Bureau of Indian Affairs are becoming painfully aware of the need for training, particularly for Indian young people to fill in behind the people we are losing—our technical people within the Bureau of Indian Affairs. That is something similar to what is going on throughout the Federal Government. In order to begin to address that problem, we have entered into agreements, if you will, from the Office of Trust and Economic Development. We've entered into agreements with Haskell and with Southwest Indian Polytechnic Institute, SIPI, in Albuquerque, to begin training people who are interested in a career in natural resources.

We hope to expand that particular program into community colleges—the Indian community colleges on the reservations—to make it more localized and I guess time will tell how successful we're going to be. But yes, sir, we're aware of the problem and we are attempting to do something about it.

The CHAIRMAN. I thank you very much.

There are certain provisions in our laws that give preference to minority enterprises and under those provisions, minority enterprises can more easily sell their products to the Government such as the Defense Department or any one of the Departments.

Are the Indians taking advantage of these provisions for minority enterprises?

Mr. MILLER. Senator, I don't believe they are and particularly because most of the Indian country is rural, of course, and is not suited to manufacturing and that sort of thing. I don't know that the Indian population is taking advantage of that particular thing.

The CHAIRMAN. Not necessarily manufacturing. For example, if one of the military units in the State of Washington is purchasing apples, they will purchase it from the Indians, a certain portion of that, and the law says so. I just wanted to know if Indians are taking advantage of it?

Mr. MILLER. I don't believe so.

Do you want to comment on that?

Mr. BOOTH. I believe why Indian tribes are not taking advantage of minority business or making application through the SBA is that the process is too cumbersome. Again, it goes back to my statement earlier that the regulations that are developed don't quite fit Indians. I think better understanding or better communication with that agency and to the tribes has to take place. We do support though any effort that the committee can make to make Indian tribes eligible for this program. I think it will greatly open up other opportunities for marketing for their agricultural products, so anything you could do to maybe help the situation will be certainly appreciated, I know, by Indian country.

The CHAIRMAN. Dr. Kindinger, may I suggest that your agency get together with Mr. Miller's agency and Mr. Booth's organization and come up with some program to simplify and facilitate this type of application and if any change of legislation is necessary, let us know about that and we would be very happy to initiate that here but if you three people can get together with the BIA, we can cut a lot of red tape. It's your opportunity. He is sitting right next to you. [Laughter.]

Mr. BOOTH. He already nodded his head. [Laughter.]

The CHAIRMAN. Well, as I said in the opening, this is just our first and we are just probing and from these hearings, we will decide to concentrate just on credit or just on Extension Service as such. So you have been very helpful in helping us to identify certain problem areas and I find that all of these problems have solutions and I think we got some of these today.

So if you can get together and let us know where you want to go, we are ready to help, sir.

Mr. MILLER. Thank you very much, sir.

The CHAIRMAN. Thank you very much, gentlemen.

Mr. KINDINGER. Thank you, Mr. Chairman.

The CHAIRMAN. Our second panel will look into the matter of the status of land and so may I call upon a councilman from the Rosebud Indian Reservation of South Dakota, Mr. Calvin Waln, a representative of the Fort Belknap Reservation, Mr. Lyman Young, and

the President of the Oglala Sioux Tribe of South Dakota, Mr. Paul Iron Cloud.

I have been advised that Mr. Iron Cloud has an appointment to keep so if I may, I'd like to recognize Mr. Iron Cloud first.

STATEMENT OF PAUL IRON CLOUD, CHAIRMAN, OGLALA SIOUX TRIBE

Mr. IRON CLOUD. Good morning, Mr. Chairman and members of the committee. My name is Paul Iron Cloud. I'm the Chairman of the Oglala Sioux Tribe of the Pine Ridge Reservation in South Dakota, the second largest Indian reservation in the country.

On behalf of my tribal council and the other Sioux Tribes of South Dakota and the thousands of individual tribal members in the Great Plains area who are trying to make a living from ranching and farming, I thank the committee for directing some long overdue attention to the state of agriculture in Indian country.

Mr. Chairman, I have submitted some lengthy written testimony for the record so this morning, I just summarize and talk about the key points. As I'm sure you know, there were quite a few tribes who wanted to testify at this hearing because agriculture is the mainstay of their tribal economies and the agriculture sector on the reservation is in trouble but due to the time constraints of the hearing, a lot of tribes were unable to provide oral testimony.

Therefore, I am representing four of the tribes in addition to the Oglala. Those are the Cheyenne River Sioux, the Crow Creek from South Dakota, Northern Cheyenne and Fort Belknap from Montana. The Chairmen are: Cheyenne River, Mr. Wayne Duchenal; Don McGee for Crow Creek; Ed Dall for the Northern Cheyenne; and Gil Horn from Fort Belknap, Montana.

The reason I'm representing these five tribes is that we're working together to develop an economic development project to reestablish and expand the cattle business on our reservations. We need to do this to support the individual tribal members who have land and also to use our tribal land which is only suitable for grazing and a limited amount of farming. We have put quite a bit of thought and work into developing the proposed project but it hinges on obtaining low cost and long term financing which is not currently available for Indian agriculture.

We are working with two land grant universities to get familiar with management, marketing and range development. Those universities are South Dakota University and Montana University. In the process of working together, we have identified common problems and barriers to agricultural development. The five reservations have a total trust land resource base of 4.2 million acres, an area larger than some States.

This is grassland and a practical use is for livestock grazing. In the past, quite a few of the Plains Indian people have been successful in cattle ranching and able to use this land base to make a living and support their families. Due to present conditions the Indian cattle operator is beginning to become a thing in the past.

As you know, the overall conditions in agriculture economy have forced a lot of farmers and ranchers out of business. Indian operators have suffered more than the non-Indian neighbors because we

have fewer sources of credit and support. On these five reservations, more than 50 percent of the operators have gone under in just the past five years. Furthermore, when the Indian rancher or farmer goes broke, he generally doesn't have any options other than welfare. Not very many of our Indian ranchers leave the reservation to get jobs because the reservation is their home. They don't as a general rule have skills for other work.

These five reservations all have terrible unemployment ranging from a minimum of 50 to 80 percent. This situation is made worse each time an Indian rancher or farmer goes out of business. This decline in the Indian country industry is also having a negative effect on the tribal governments and the individual allotees because we depend on the lease of grazing lands for income. More and more we are seeing tribal alloted lands lying idle because the land base of Indian operators is declining.

Although there is some increase in the lease of trust grazing lands by non-Indians, this is not a suitable source of income and the primary benefit of our land goes to the non-Indian. Quite a few of the allotees on our reservation are very frustrated because it's getting harder and harder to lease their lands. Tribal governments are all concerned about the growing pressure from allotees to sell trust allotments out of trust because they don't produce adequate income.

Generally speaking, the tribal governments don't have the capacity to buy the allotments offered for sale and we are very concerned about the erosion of our land base through the sale of allotments into fee patterns.

My written testimony points out three main areas. The first and most critical is lack of long-term and low-cost financing for Indian cattle operations and related farming. The cattle market is one that fluctuates quite a bit from year to year. This year for example, prices are pretty good. An average calf is selling from $400 to $500. In other years however, the same calf might bring $200 to $300 depending upon market conditions yet the costs of producing the calf do not fluctuate. Cost generally rise each year. This is why it's so hard for an Indian cow operator to secure financing.

We need credit which is at a low enough interest rate to cover the bad years as well as the good. The five tribes don't think that it will be possible in the future to overcome all the problems which are facing the individual cattle operator. Under our project, the tribes would assume the debt to purchase the cattle herds—the single largest cost associated with the cattle operations. We have developed a program under which the tribes would allocate cattle to the tribal members who have land-based experience in the cattle industry and who do meet other conditions.

These operators could run these cattle in return for a share of the cash crop and gain the basis of their own herds. The tribe will sell a portion of the cash crop to service the loan debt.

There is a critical need to provide extension service in the areas of research and technical assistance to the individual Indian cattle operators and to the tribe. At present, Indians on the reservation do not generally receive support from USDA Extension Services that are provided to non-Indians off reservation yet we have a serious need for this type of assistance.

The tribes have one of the greatest natural resources available in the Plains area, a tremendous amount of prime range land. Yet we find it nearly impossible to use it because of credit lack of assistance for development. A lot of the Federal laws, policies and regulations, particularly those of the BIA, need to be improved to actually support agriculture and in our case, cattle ranching. Some specific examples are discussed in my written testimony.

In summary, I would like to emphasize a critical point. Agriculture development is the only practical use of the Plain reservation land base. This is what the land is suitable for and it is what our people want to do. Without a strong agriculture sector, our reservation will never make substantial progress on overcoming some of our serious economic problems. The tribal governments have to identify ways that the people can use the land. We are tied to the land but if we don't use it, we will evidently lose it. With the loss of land comes the loss of culture and our tribes.

I thank the committee for holding this hearing and receiving our comments and requests. On behalf of the five tribes and my fellow Chairmen, I can assure the committee that we are ready to work with you as you search for solutions on how to improve support for Indian agriculture. If you have any questions, I'll be happy to respond.

[Prepared statement of Mr. Iron Cloud appears in appendix.]

The CHAIRMAN. Chairman Iron Cloud, I thank you very much for your testimony.

First, on your concern that because of the time constriction, other tribes that wanted to testify could not, as I indicated, this was just an initial hearing to get a broad overview of some of our problems. From here, we will begin to expand upon our activities here in the committee.

One of the things that I intend to do is to continue my visitation program. We will be going back to all of the Indian areas and at that time, we will give all the tribes opportunities to share their thoughts with us. I have no idea when I'll be returning to your area but I can assure you that I will be returning.

I just hope that my Hawaiian constituents go along with my proposal because I've spent more time in Indian country than in Hawaii. So far, my constituents have agreed with that policy and so we will be going back. In fact in December we will resume our visitations. There are two other areas that I have not touched upon and I hope to visit them soon and that's in the south Southeast and the other in the north Northeast but all other areas have been visited. My next visit I believe is at the Lakes, so I'll be around Rosebud and Fort Belknap and Cheyenne and all those areas.

Mr. IRON CLOUD. Thank you very much, Mr. Inouye, and you're welcome again to the Oglala Sioux Tribe Reservation. Thank you very much.

The CHAIRMAN. I gather that you have another appointment, so I thank you very much once again.

Mr. IRON CLOUD. Thank you.

The CHAIRMAN. May I now call upon the representative of the Rosebud Indian Reservation, Mr. Calvin Waln.

STATEMENT OF CALVIN WALN, COUNCILMAN, ROSEBUD INDIAN RESERVATION

Mr. WALN. Mr. Senator, thank you very much for hosting these hearings and good morning to everyone sitting up there.

Mr. Inouye, you have some written testimony for the record. I'm just going to go through some problem areas that we have here. I'd like to start off basically with using the Rosebud Sioux Indian Reservation as an example. The State of South Dakota celebrated its 100th birthday this past year. Well, we also since the Act of 1889 have celebrated 100 years this year but in that 100 years, the Rosebud Reservation started out with 3.5 million acres of land and through acts of Congress, outright acts of theft, illegal taxation and other things, today we stand with a little over 951,000 acres of land.

What this represents I guess to me and the point I'm trying to make before I get into the other issues here that I want to talk about is that this is just testimony that in the past 100 years, there's been a lack of rather than the administering of the trust responsibility that the Federal Government has towards the Indians. Just like if you look at the budgets today down in the agencies where all the work is at, where we are having the problems, you'll see that Central Office right now has a big increase in their budget. They're looking to hire personnel. We don't have the funds. We don't have the personnel down there at the agency levels to address the problems that we face.

Fractionalization—I'll discuss that issue first here. That's a major problem that Congress has been aware of for years. The Marian Report done in 1926 outlined basically this problem. The same problems really exist today. That report does have some good suggestions in there but the fractionalization of our trust land today—we have a 40-acre tract of land that's got 150 areas in it all receiving maybe a dollar's worth of lease income. That land is just totally worthless to everybody involved in it It creates problems for the tribes in trying to lease their land. If that tract sits in a large portion of 10,000 acres, we have problems leasing that land with the fractionated interests.

The Rosebud Sioux Tribe has an organization called Tribal Land Management. We call it TLM. We have been purchasing fractionated interests since 1943. We are buying on the average $140,000 worth of land a year. We currently have a little over $3 million backlog in fractionated interests that people want to sell. We can't get at that land. We're losing it. Our land base last year in Tod County which is supposedly the reservation now, went from 67 percent ownership last year to this year we are now at 65 percent because we can't hold that land base. We don't have the funds to buy this land.

The fractionated interest problem can be solved. We have some ideas. We would like to see a panel set up, not of Government officials but of people out there on the reservations who deal with this problem to come up with a plan. In Ross Swimmer, the President's report on reservation economics to Congress that he did, one of the deals in there was on agriculture was that one of the biggest problems was the lack of credit. You've heard that today. You're going

to hear it again from the others who are going to testify but he also said it was the instability of not having a land base that an operator can call his, of owning a land base.

If you take your fractionated interest right now, there's a CFR there that will not allow—unless you go through 100 years of paperwork and red tape—another tribal member to buy these fractionated interests. If the Government would waive that regulation, change that regulation and allow tribal members to begin buying these fractionated interests with the intention to consolidate them once they get them bought up to, say 160 acres of land, then you can consolidate it, you begin attacking the fractionated interest problem. You begin allowing tribal members to build a land base that they can call their own and provide some stability to their operation.

That's an area that the Rosebud Sioux Tribe does have a plan that their council is going to act on to try to get that done. That regulation is in my testimony. I've pointed it out in the testimony what that regulation is.

I'll go into a little bit now on the leasing of land. Appraisals have to deal with leasing. The ASCS, USDA programs, they all play a role in the problems we have in leasing our land. The Bureau's main function today is to see that all the land gets leased out and that income goes to allotees and the tribes, period. As long as they can do that, they're happy. They do not care about trying to solve the fractionated interest problem. They do not care about developing our natural resources. Just get the land leased out period, in the discussion.

If the ASCS—the biggest problem we have with them and on Rosebud we've had that problem—is our leases are basically five-year leases and to get into a Great Plains contract—the contracts, you can get into these for 7, 10 years. With a 5-year lease, you're very unstable because someone could come in and bump you out. A tribal government could cancel you or the Bureau could say you're overgrazing.

We have rewritten the regulations that you talked about, the leasing and permitting regulations. We played a role in that, the IAC did in getting them done. They have been with this list since October of last year—for a year now. If the leasing and permitting regulations could get out of there and get put into effect, they allow for a 10-year lease which would make the USDA programs more accessible to us as tribal members. They would want to work with us on trust land a lot easier.

The appraisal system of setting the lease rates on reservations is done on land outside the reservation. They go to all the land surrounding the reservation which is developed with water, developed with cross fences and shelter balance and they find out what the leases—individuals are paying to lease that type of land. Then they take it and average it out and say that's what you'll pay for trust land on a reservation when we have thousands of acres of land, up to 6,000 acres of land that have one well on them and we're required to pay the same amount of money as they are.

It's an unfair system which needs to be re-evaluated. Taxation of land is another problem. We don't feel whether I'm an Indian and I own trust land within the boundaries of my reservation—own fee

land within the trust boundaries of my reservation, that I am taxable by law. We have never been shown a law that says that but yet we are taxed. We have people losing land every day down there. We have a scavenger list coming out on our reservation in the next 2 weeks and we have several people going to lose land because they have not been paying their taxes. They don't know they're supposed to pay taxes and that's an issue that needs to be addressed by this committee or by Congress also.

Developing our natural resources—if we could get our natural resources developed—water, cross fencing, the irrigation, the live water that we have, developing the springs and stuff in there, we have like Mr. Iron Cloud said up there, the grass that we have up there for production of livestock is probably the best in the Nation as far as we're concerned. If you develop those resources, you're going to see the income to tribes and allotees is going to increase but we need to develop the natural resources.

I guess in closing here all I would like to say is that the Intertribal Agriculture Council of which I am a member, we have worked closely this year with the USDA, with your committee, on several issues. We have made some major changes. We are not looking for a quick fix tomorrow for Indian agriculture. We are looking to develop a long-range plan with the help of your committee to fix Indian agriculture in the long run so that the people coming after us are protected and have something there.

The bill right now says we worked very closely with them. We try our best but the Bureau runs hot and cold with us. They just seem like we're stepping on their toes and this is their program, like they don't want us to come out and say look what's happening over here but here's a solution to it. It's just like they don't want us to expose what's going on even though we do have a solution to that problem and they run hot and cold with us.

We want to work with them. We want to make their job easier and to do that, we're going to need your assistance to direct them to say, hey, let's fix this problem in Indian agriculture and make it work.

With that, I'll answer any questions you may have. Thank you.

[Prepared statement of Mr. Waln appears in appendix.]

The CHAIRMAN. I thank you very much, Mr. Waln, on your first observation that the Rosebuds began with 3 million acres and now you have 900,000. All of us on the committee are painfully aware that over the years our Government, not just the Executive but the Legislative Branches, has at times failed to live up to the trust responsibilities that would be necessary in our relationship.

I can assure you that we are doing our best to rectify the situation. We're also aware that 200 years ago, by law, treaty and otherwise, Indian nations had title to over 500 million acres of land. Today they have about 50 million. So you are doing pretty well. Your reduction is not as great as the other Indian countries. I know that's no consolation but I can assure you that we're trying our best.

Senator Daschle.

Senator DASCHLE. Thank you very much, Mr. Chairman.

I certainly would concur with the remarks made by the Chairman with regard to the intent of this committee. I don't know of

any entity in the Congress that has shown more sensitivity to this whole issue than the Chairman and the Members of this committee. I think the fractionated land issue is one that is going to require a lot of focused attention. Whether it's a task force or whether it's some advisory committee, I would hope that in some way we could devote additional focused attention on that issue because it does affect many areas outside of our jurisdiction.

One good example is Farmers Home. The Farmers Home Loan Program is virtually a nemesis to many Indian tribes. It's not an assistance. It's a nemesis. We have tried in many ways to adapt Farmers Home Loan programs to the needs of our tribal people but it has not been very successful in many cases. I think we're making progress as the Chairman ably stated but we have a number of issues in Farmers Home lending practices that remain unresolved.

In part, as I say, it's the fractionalization that has brought about these very troublesome issues. So I would hope certainly in working with the leadership on Rosebud and Pine Ridge and many other tribes in South Dakota and across the country, that as we look to our agenda next year, Farmers Home lending practices as they relate to tribal needs can attain the kind of attention it deserves both on this committee and many other committees with the jurisdiction.

I thank the Chairman and I thank Calvin Waln.

The CHAIRMAN. I thank you very much. South Dakota's most fortunate to have not only a young but very influential Member of the United States Senate. He is the man to watch.

Presently, he is the co-chairman of the Democratic policy committee and usually you will find some old man serving in that position. The Caucus decided we wanted someone young and vigorous. We got him.

Senator DASCHLE. The Chairman did not acknowledge the fact that he is also the Chairman of the steering committee which in and of itself has more to do with my serving on this committee and every other committee in Congress than anything else and I acknowledge his gracious support.

The CHAIRMAN. I thank you very much, sir.

Mr. Waln, you also suggested that your relationship with the BIA may not be consistent. It's hot some days and cold some others. I would suggest to you that if you feel that you are not being properly and appropriately represented by the primary Agency in our trust relationship, you let us know about it. We have a good working relationship with Dr. Brown and others and we will see that your thoughts are conveyed to the proper places.

Mr. WALN. Thank you for that, Mr. Chairman. We will.

The CHAIRMAN. May I now call upon the representative from the Fort Belknap Reservation, Mr. Lyman Young.

STATEMENT OF LYMAN YOUNG, REPRESENTATIVE OF THE FORT BELKNAP RESERVATION

Mr. YOUNG. First I would like to thank the Chairman and the committee for an opportunity to share some information and concerns and provide some insight into the farming and ranching di-

lemmas confronting the Indian operators on Indian reservations such as myself.

I first became a client of FHA in about 1980. I originally operated a herd of cows, 300 head, and we weren't getting a very good price for them, feeder calves, so I was raising wheat at the time and I had to sell the wheat to help pay for the cattle operation. So the FHA advised me to sell the cattle and farm on a bigger scale.

So this I did and just about that time, they gave me more money to buy some more land and they bought me a bigger tractor. So I continued to farm a couple of years. The wheat embargo—that's when we were fighting the prices and so on. My loan started to get delinquent right away after I broke this land that the FHA bought. So during the years of 1981 and 1982, I continued to struggle and the drought we had—we had quite a bit of drought and the grasshoppers became such that it severely damaged the crop that I planted, I had Federal crop insurance. That didn't pay the obligations that I had to the FHA.

At this time, I continued to try to make the payments without any operating expense because FHA wouldn't give me operating money. They would subordinate me to the banks but the local banks wouldn't take the subordinating agreements. So during 1983 through 1985, I continued farming and then in 1986, my troubles really worsened when the FHA said they were going to foreclose on me. So I became pretty worried after seeing my neighbor. He went bankrupt and he lost everything and our county attorney bought the land.

I wanted to see our reservation held intact so I scraped up enough money and I talked to an attorney and he advised me what to do. He said it's going to cost you a little money. I said how much? He said a retainer fee will be about $3,000 up front and when I get through it will cost you another three.

So I said fine. I think I could come up with the money. So that's when I filed this Chapter 12 but if I stumble and fall someplace on this plan, this land that I broke and went into debt for is going to go out of trust. My farm is located in North Central Montana and it's partially owned by the Fort Belknap Indian community and when my loan becomes delinquent, so were my lease payments and the BIA very quickly advertised them and they went to a non-Indian after I broke this land and got it in shape.

It went to a non-Indian and that's about all I have to provide this morning for your information. I thank you very much for your time.

[Prepared statement of Mr. Young appears in appendix.]

The CHAIRMAN. The story you have just told us, Mr. Young, I hope is not a story that most farmers in Indian country would tell us. Apparently notwithstanding the suggestions made by the Farmers Home people, at each step something came up to cause you problems.

What is your present situation? You are still doing some farming; are you not?

Mr. YOUNG. Yes, Mr. Chairman. I'm still farming my own grandparents' land. I lost the leases.

The CHAIRMAN. You have about 4,000 acres with crop?

Mr. YOUNG. At the present time, I have about 1,000 acres of crop. The land that I—the total acreage that I used to operate went to some non-Indian.

The CHAIRMAN. Payments are due this December?

Mr. YOUNG. Pardon?

The CHAIRMAN. Payments are due this December?

Mr. YOUNG. Yes.

The CHAIRMAN. How much are the payments?

Mr. YOUNG. I have to make a payment in the neighborhood of $17,000 which is the plan that I filed with the Bankruptcy Court.

The CHAIRMAN. Will you be able to meet that payment?

Mr. YOUNG. Yes; I think so.

The CHAIRMAN. There is not much we can do at this juncture but I can assure you that we will do our best to make certain that this scenario is not repeated too often in Indian country. I can understand and appreciate the pain that one has to go through to file for bankruptcy. It's not an easy decision to make. I can give you this much, for whatever it's worth, we will do our best, sir.

Mr. YOUNG. I thank you.

The CHAIRMAN. I thank you very much. You have been very helpful in giving us a little personal picture of what it is like to be an Indian farmer.

Mr. WALN. Thank you, Mr. Chairman.

The CHAIRMAN. Our next panel will touch upon the human and physical resources in the area of agriculture. From the University of Arizona, Tucson, Arizona, Dr. Howard Jones; the Executive Director of Economic Development of the Chickasaw Nation of Oklahoma, Mr. James Humes and the Executive Director of the Ak-Chin Indian Community of Maricopa, Arizona, Ms. Leona Kakar.

May I call upon Dr. Jones first?

STATEMENT OF HOWARD JONES, COOPERATIVE EXTENSION SERVICE, UNIVERSITY OF ARIZONA

Mr. JONES. Mr. Chairman, I'm Howard Jones, Extension Specialist with the Cooperative Extension at the University of Arizona. My responsibility in this position is liaison with Arizona's 20 Indian reservations and the coordination of programs and activities for the University of Arizona's College of Agriculture and Cooperative Extension on Indian reservations. I not only speak today for Cooperative Extension at the University of Arizona but also for my colleagues in Cooperative Extension across the Nation who work with native Americans.

As a land grant institution, the University of Arizona through Cooperative Extension has a responsibility and commitment to deliver educational programs to Arizona's native Americans who live on the 20 reservations. This responsibility has been handled many ways over the years. Going back to the 1950's and 1960's, Arizona Cooperative Extension worked closely with the Bureau of Indian Affairs Extension personnel. In 1968, Arizona Cooperative Extension entered into contractual agreements with the Phoenix and Navajo area BIA offices, received funding to carry out Extension education programs on Arizona Indian reservations.

Unfortunately, the way the contracts were handled did not lead to a great degree of personnel continuity. In many cases, this lack of personnel continuity was a factor in limiting extension program success on the Indian reservations. In 1981, all contracts were withdrawn from Arizona Cooperative Extension by BIA. As they indicated, tribes did not list Extension as high priority.

Shortly thereafter, the Director of Extension for Arizona indicated that Indian reservations and native Americans in Arizona were to be served as any other part of the population of Arizona. This meant covering an additional 38,233 square miles or about 26 percent of the State of Arizona land mass and trying to reach an additional 250,000 people with Extension education programs without any additional resources of personnel or funding.

Most of the Arizona Extension faculty took this on as a challenge which has led us to where we are today. The tribes in Arizona as well as across the Nation through a number of sources but particularly the Intertribal Agriculture Council and the Southwest Indian Agriculture Association are indicating a strong need for Extension education programs on reservations particularly in the areas of agriculture production, management and marketing and 4-H youth. Also, others are indicating needs in the areas of home economics educational programs and extension community development programs.

All reservations I have visited have indicated a strong need for a 4-H youth program that would give their youth positive experiences and help them have strong feelings for their heritage. As of July 1, 1988, the Dean of the University of Arizona College of Agriculture and the Director of Cooperative Extension assigned one full-time extension position at the State level to represent the College of Agriculture in Extension and working liaison with Arizona's Indian tribes. The College wants to let the tribes know what is available to them as well as pointing out needs on Indian reservations for Extension work to College and Extension personnel. This is the position I occupy.

The Southwest Indian Agriculture Association which as a part of my position I'm an advisor to—the Southwest Indian Agriculture Association is now beginning to identify needs where Extension can be of service with educational programs. Also during the past two years, Dr. Henry Koffler, President of the University of Arizona, has made developing programs with native Americans top priority with the University.

With this historical background, there are problems still to be overcome and they are as follows. Indian communities and reservations in many cases are remote and great distances from Extension offices where there is a small staff and a shortage of travel and operation funds. As native Americans become more aware and familiar with what Cooperative Extension has to offer, they begin to express their needs which many times vary from what off reservation needs are due to culture, language and economic conditions.

In particular, there is a strong demand in Arizona for Extension agriculture and 4-H youth programs and as the Indians become more familiar with home economics and community development, these demands are increasing. Extension faculty must become more aware of the cultural and language differences, learn patience and

the great importance of the trust credibility factor. This is extremely difficult for a faculty staff where there is already 100 percent demand of their time and effort.

On many reservations, volunteerism is not as prevalent as Extension professionals are used to in working with off reservation situations, particularly in working with the 4-H youth program. We've looked at it from the standpoint that we think there are some possible solutions.

One, Extension has to have additional resources—financial and personnel—to be able to broaden Extension programs to where they are at least adequate on Indian reservations. For instance, it is estimated that it would take somewhere around an additional $700,000 to $800,000 to bring the program in Arizona to an adequate level of Extension programming and between $4 million and $5 million on the national level and I may be a little low on the national level.

Funding needs to be sustainable. One shot funding only compounds the problem of carrying out Extension programs on Indian reservations. Sustainable funding would allow a sustainable personnel situation which in turn would allow continuity and prolonged programming. Funding from the national level in some way or another needs to come through the U.S. Department of Agriculture Extension Service to the land grant institutions in States where there is a need for Indian extension education programs.

Tribal leaders should have co-responsibility in oversight of these funds. The Indian extension programs should be programmed in cooperation with the county extension program where they are geographically located. Partnership and integration of programs should take into consideration sovereignty and other differences in needs. Develop innovative programming where the native Americans are involved and have a strong voice in what their needs are. Extension then develops with their help programs to meet those identified needs.

There is the realization that the proposed solutions are predicated on increased resources. It must be realized, Extension is grass roots reaching out where the people are to meet their needs. To do this, there must be adequately well-trained personnel both native American and non-native American with adequate resources to get the job done.

Cooperative Extension can make a difference in the quality of life on Arizona and the nation's Indian reservations. I sincerely thank the Chairman and the committee for this opportunity. If there are any questions, I'll be happy to answer them.

[Prepared statement of Mr. Jones appears in appendix.]

The CHAIRMAN. You have indicated, Dr. Jones, that you would need about $700,000 to $800,000 for Arizona?

Mr. JONES. Yes.

The CHAIRMAN. Now is there a separate branch in your Extension Service just for native Americans?

Mr. JONES. No.

The CHAIRMAN. This was all integrated as part of your Extension Service?

Mr. JONES. Yes; on this, but taking a look at the situation, for instance we know the Navajo reservation is so large and our Exten-

sion office in St. Johns, Arizona and Holbrook, Arizona, are a long, long ways from some of these, that if we received this money in cases like that, we would have to place some offices out there on the reservation.

In taking a look at it though, we would think that they ought to be integrated with the office say in St. Johns and Holbrook because it gives them more resources. We may have a person stationed on the Navajo Reservation, for instance, who has a background in animal science, and he works with that, but the person in St. Johns or in Holbrook, county seats, has a plant science background where it can be called upon for that plant science resource on the reservation.

The CHAIRMAN. How much is presently set aside for your work with Indian country?

Mr. JONES. My salary.

The CHAIRMAN. No; you said that you needed $700,000 to $800,000 for this program.

Mr. JONES. Right.

The CHAIRMAN. How much is being spent now? Nothing?

Mr. JONES. Right. Other than—most of our reservations are being included as a part of the county program wherever it is.

The CHAIRMAN. So whatever you are doing is done almost voluntarily?

Mr. JONES. Not voluntarily, Senator, from the standpoint that—we look at the University of Arizona that we have a responsibility and a commitment that the native Americans are clientele just as anybody else in the State is.

The CHAIRMAN. So at the present time, there are no funds set aside for native Americans in the Extension Service Program?

Mr. JONES. No.

The CHAIRMAN. You believe that these funds should be earmarked so that it will go directly to help Indians?

Mr. JONES. Very definitely.

The CHAIRMAN. Should it be limited only to the land grant colleges?

Mr. JONES. From an extension standpoint down through the Cooperative Extension, yes, because we do have the Cooperative Extension. Other institutions do not.

The CHAIRMAN. Well, we will see what we can do. We will discuss this matter with the Department of Agriculture. We may not be able to resolve this matter this year but the next year's cycle, I can assure you that something will be done.

Mr. JONES. Thank you.

The CHAIRMAN. Thank you.

May I now call on the Executive Director of Economic Development of the Chickasaw Nation, Mr. Humes.

STATEMENT OF JAMES A. HUMES, EXECUTIVE DIRECTOR, ECONOMIC DEVELOPMENT, CHICKASAW NATION

Mr. HUMES. Yes; good morning, Mr. Chairman, and I bring you greetings from the great unconquered and unconquerable Chickasaw Nation and to representatives on this committee. My name is James Humes. I'm proud to be a Hatuk Chickasha which is a citi-

zen of the Chickasaw Nation. I'm also proud to be an Oklahoman which comes from a Choctaw language and means Home of the Red Man. I'm also proud to be a member and a citizen of the United States for whom I served 26 years in the Naval Reserve. I am also a strong adherent of the power of one, whether that is one person, one committee, one community, one tribe, one Nation, working to solve problems that are common and unique to all of us in our human conditions.

Two generations ago, my grandfather came to these same halls of Congress to plead the case of returning our Constitution to the Chickasaw Nation. In 1979, that fact was accomplished and we had our Government returned to us. This same committee was instrumental in accomplishing a lot of things and one of the problems brought out as credit was an amendment to the Indian Tax Status and Indian Finance Act that allowed the issue of bonds with a Government guarantee. Up to this point in time, there have been no bonds issued and I would submit that the ability to issue bonds in the national capital markets and as an alternative to debt financing or to get involved in large capital methods of improving Indian economic development is a vital and important thing.

It does remove the problems of red-lining in banking areas. Oklahoma in the banking world has been red-lined for some time. It makes it extremely difficult for anyone much less those of us who are struggling to make our Governments a reality and to add to our land base and provide essential Governmental services to our citizens—makes it extremely difficult.

Going back to the power of one, if it weren't for a great former Speaker of the House, Carl Albert, who was instrumental in bringing the Carl Albert Indian Health Facility to aid Oklahoma which the Indian Health Service certainly never intended or planned to build, is an example of someone going after a goal or a target or a vision and making it happen.

The oversight hearing that we're conducting or participating in today for which we're grateful is a step in the right direction to bring a cohesiveness, a coherence, a focal point on those non-renewable natural resources that we had at one time. We want to return to the land. In our case, unlike some of the other reservations, at the turn of the century, we had our land essentially taken from us. We're in the process as the gentleman says on TV of reacquiring that land the hard way—we have to earn it.

We are in the process of doing that. We intend to pursue our goals with the support and continued support of this committee that I think a great number of positive things can happen in Indian country and I think the overflow of that positive reaction can also benefit the other rural populations who are also at risk along with us.

That concludes my comments this morning. I'd be glad to answer any questions.

[Prepared statement of Mr. Humes appears in appendix.]

The CHAIRMAN. How many acres were stolen from you?

Mr. HUMES. The total number is about 72,000 acres. It comprises eleven and a half counties in South Central Oklahoma.

The CHAIRMAN. How many acres do you have now in the Chickasaw Nation?

Mr. HUMES. At the current time, under direct control of the Chickasaw Nation, it's probably 2,000 acres.

The CHAIRMAN. You have a long way to go yet.

Mr. HUMES. We're working on it, sir.

The CHAIRMAN. What percentage of that land area is now being used for agricultural purposes?

Mr. HUMES. The primary product just below the oil and gas leases would be agriculture but of course, due to the problem of agribusiness on the world market, there have been any number of farmers and ranchers, not only of the Chickasaw Nation, but the other residents of south central Oklahoma who have been forced to curtail operations, sell off parts of their land.

We have difficulties in providing assistance to our farmers and ranchers because of the fact that they are now either leasing or trying to acquire enough land to get back into agricultural and/or animal husbandry pursuits.

The CHAIRMAN. What sort of service do you receive from the Extension Service people?

Mr. HUMES. Since we don't have our own land, the Extension Service is primarily if our people that we recommend go to them do so, it's somewhat awkward due to the same problems that have been related by other presenters here today in the fact that there difficulties in understanding sovereignty, trust land status and the difficulties in dealing with some of our people who have a wariness and a suspicion of dealing with non-Indian entities.

The CHAIRMAN. I thank you very much, Mr. Humes, and now I'm pleased to call upon the Executive Director of the Ak-Chin Indian Community of Maricopa, Arizona, Miss Leona Kakar.

STATEMENT OF LEONA KAKAR, EXECUTIVE DIRECTOR, AK-CHIN INDIAN COMMUNITY

Ms. KAKAR. Thank you. Mr. Chairman, I am Leona Kakar of Ak-Chin Indian Community. I serve as Executive Director for the community and Chairman of Ak-Chin Farm Board and I appreciate the opportunity to present our testimony today.

My presentation is summarized and I believe we did send in copies of the lengthy one.

The CHAIRMAN. Yes; your full statement will be made part of the record.

Ms. KAKAR. I won't talk very much. I'm not in very good shape unless I've been here at least 2 nights. One night, I'm still half asleep.

Indian agriculture has come a long way. Ak-Chin people have been dependent on agriculture since time immemorial. From our modest beginning, we have become a viable and competitive presence in national marketplace. The Ak-Chin Indian community is comprised of 21,840 acres which is home to approximately 500 Tohono O'Odham and Pima Indians and it's located about 40 miles south of Phoenix.

In 1961, we took over some non-Indian leases against the very strong objections of BIA at the time. We began farming our way up to 11,000 acres and then we lowered down to 4,000 due to the groundwater loss which led to Public Law 95-328 being passed in

July 1978, the Ak-Chin Water Settlement Act and on to Public Law 98-530 which was the act that firmed up the Ak-Chin water supply to 75,000 acre feet annually.

We have developed approximately 15,000 acres at present and have also put in some linear sprinkler irrigation systems which have been installed to stay abreast of today's technologies. Our diversified farming enterprise with stable yet high value crops in addition to the basic crops we now have—well, our basic crops are cotton, small grains, alfalfa. We have also added some produce—vegetables, fruits and nuts.

We found that sound farm management guarantees that resources will be used to the maximum benefit while at the same time protecting those same resources for future generations. Land reclamation has begun as subjugation is completed. Soil amendments are applied to counteract the salts that occur naturally in our soil. A crop rotation pattern has been designed to improve and maintain good soil conditions. The Ak-Chin Farms has been and continues to be a profitable enterprise operated by the people, for the people, as it was intended to be.

Fifty percent of the annual farm profits are retained by the farms as supplement to their operating budget and 50 percent is allocated to the community council to provide services to its members in the way of housing, sanitation services or garbage collection, police and fire protection, a day care center for working mothers, a Head Start Program, along with high priorities set for senior citizens' programs.

Because of this success in utilization of its resources, the community can continue without the use of Government funds now and in the future providing the services I just mentioned. Our aim was to be 100 percent self sufficient and we have probably reached 98 or 99 percent at present.

The Ak-Chin story is one of success, one that we think can be repeated on other reservations now experiencing the same problems with their physical resources that we experienced with ours. Lands cannot be irrigated with paper water. Water rights issues have to be resolved and water delivered. Indian communities need the opportunity to compete on an equal basis on Government and farm programs. We are pleased that the committee has shown special recognition of Indian agriculture and its problems. We trust that the United States will recognize Indian agriculture for its accomplishments as well as its potential.

The committee no doubt will have more understanding after the testimony provided today and the magnitude and complexity of Indian agriculture. Because of these factors, we strongly recommend that the committee proceed with irrigation oversight hearings. We also request a joint hearing of the Senate Select Committee on Indian Affairs and the Senate Agriculture Committee and further recommend that testimony be provided through regional hearings that will allow more tribes to have input to the committee and Congress.

Mr. Chairman, I thank you for inviting me to present this testimony on behalf of the Ak-Chin Indian community and its farming enterprise. I sincerely hope that through our testimonies today, we will help enable more tribes through the United States to enjoy the

same reward that the Ak-Chin community now enjoys from its farming revenues. I thank you very much, Mr. Chairman.

[Prepared statement of Ms. Kakar appears in appendix.]

The CHAIRMAN. I thank you very much, Miss Kakar. I think all of Indian country is indebted to the Ak-Chin Indian country for the enactment of the July 1978 Water Settlement Act because I think it is one of the most important pieces of legislation involving water rights and that has set a precedent and is I think an inspiration to all others. We hope that with this leadership, other Indian nations will benefit from the impact of your law.

We are happy to have success stories being told to us, not only sad ones. I was very pleased that you were able to testify because through you we want to congratulate the members of your tribe.

Ms. KAKAR. I might mention also on the credit issue, when we first started, it was a very big problem but doing as the non-Indians did then, we hired a farm manager that was established as a good farmer so the cotton gins provided our first financing. We mortgaged our land and at the time we had no equipment to mortgage. So it wasn't exactly a mortgaging since it's trust land and they can't repossess it. So they had the right to come on and farm our property until our debt was paid if we didn't pay off our loan but I'm happy to say that we have never failed to pay off our loan and we can now go to any bank and request funding but we don't do that. We still stay with the cotton gins since they were the ones that sympathized with us from the beginning. So they get our business today.

The CHAIRMAN. Obviously the gods are with you.

Ms. KAKAR. Thank you. I might say that I will volunteer to go to Hawaii for you to be your delegate because I have a daughter over there on Pearl Harbor base that I miss very much.

The CHAIRMAN. I think we can arrange that also. [Laughter.]

Well, I thank you all very much and if you can get me further information on the Extension Service, on how we can justify earmarking say 8, 9, $10 million, just for Indian country, I would appreciate that. I would like to begin the work toward this end.

Thank you very much.

Ms. KAKAR. Thank you.

The CHAIRMAN. Our last panel will discuss the matter of credit, most important, and we have with us the Ranch Director of the Washoe Tribe of Nevada, Mr. Gerry Emm and representing the Colville Confederated Tribe of Washington, Mr. Don Peasley.

Mr. Emm.

STATEMENT OF GERRY EMM, RANCH DIRECTOR OF THE WASHOE TRIBE

Mr. EMM. Thank you, Mr. Chairman. My name is Gerry Emm. I'm the Ranch Manager for the Washoe Tribe of Nevada and California located in Gardnerville, Nevada.

Indian agriculture is facing a lot of the same problems as is non-Indian agriculture and you've heard that over and over again today. Some of the things that have been additional to the Indian operator is that we have problems with trust lands. We have prob-

lems securing credit on property that can be called family farm that can be kept forever.

Some of the reservations are alloted and some of them have assignments and tribal leases which don't allow for the land to be mortgaged or even carried on for generation to generation. Consequently, this makes the credit situation where the credit has to flow on the crops being grown in a short period of time. Usually this is an annual basis.

There are three types of credit that is utilized in Indian country on agriculture overall. One is long-term credit which is used to purchase land and buildings and improvements. This is usually handled in the non-Indian community through Farm Credit System and through local banks and Farmers Home Administration.

On the reservations, the Farm Credit System, the Federal Land Bank Funds are not available. Last year we met with the Farm Credit System in Omaha and were specifically told that the Federal Land Bank would not loan on trust lands on the reservations. The Federal Land Bank is one of the largest lending agencies that is available to agriculture and if we take this source away from Indian country, it leaves a very dwindled source of credit.

Consequently, what the tribes and the tribal operators have to go to the BIA and Farmers Home Administration. The second type of credit that we use is intermediate credit. This is used for a period of three to seven or ten years and it's used to buy tractors, it's used to buy cattle, breeding herds, and to finance the equipment and necessary inputs that would not be able to be paid for in one year.

The source of this credit is the Production Credit Association which does limited business on the reservations. Usually this is on an operator by operator basis and the operators have to have established a good credible operation in order to secure this credit. Farmers Home has intermediate credit and a lot of the Indian operators have been financed by Farmers Home Administration along with the Bureau of Indian Affairs direct loan programs and somewhat the loan guarantees and more so with the use of the Indian development grant situation.

In the early 1970's, it was 60/40. Now it's 75/25 but this is a good resource where the tribal operators do not have the margin in order to create the loans that are required to run. With Production Credit Association, you have to have a margin of 30 to 40 percent investment in order to buy even cattle. This grant situation puts the operator who is just beginning and cannot use his land as security as the margin necessary to get into this situation. Without this, many of the operators won't be able to get credit and won't be able to get into the agriculture.

The last one, the short-term credit situation, is an operating loan. This is usually an annual loan and it's used by farmers at the beginning of the season to buy seed, fertilizer and the other inputs that are needed to put the crop in the ground and get it raised. By the cattle operators, you have to feed hay in the wintertime in our country and other than the south where they can graze year round, we need hay in the wintertime to feed our cows. We need operating money to buy pasture to feed the cows during the summertime and all these happen in January—December and January with our

calves not being weaned until this time of the year and being sold anywhere between now until after the first of the year.

Not only Indian agriculture runs on credit, all agriculture runs on credit. You cannot receive your income before your seeds are planted or before your calves are born. So we run always behind and without credit, agriculture nationwide would be nonexistent.

With annual operating loans along with the intermediate loans, timeliness is essential. If we're going into a feeder operation this fall, we can't be waiting on our loan until January or February or wait six months for that loan to be processed in order to buy cattle now. With the agriculture markets like they are, two or three days or two or three weeks is essential in the cost of inputs. Corn for example, in a feeding operation, last August, $102 a ton delivered to us. It was $89 or whatever it was off the Chicago Board.

We waited. The Soviets came in. The corn prices bumped up. Right now, it is about $118, $119 delivered to us. That is our profit. With that, if we don't have the money that is available in August with some foresight so we can get the credit, we're going to pay more now and lose our margin in that profit we would generate in the business.

BIA credit has several programs that are available. One is the Indian grant program which is at 75/25 now. The other is the guaranteed loan program with or without a subsidy buy down. The other is a direct loan program that will loan direct money for agriculture programs or business programs that will be financed by the BIA and the loan will be carried by them.

One of the things that we really need to do is we need to have credit officers at the Agency level and at the area levels. We have the expertise and the credit here at the central level should be making the policy but we need people out at the Agency levels that have the expertise on lending.

Today I want to address specifically agricultural lending. We don't have that. In Nevada, we had a meeting with the tribes last week and we're trying to secure a credit officer because right now we have one part-time position. It's 10 percent of other duties as assigned. Eastern Nevada has none. Southern Nevada is in—the Southern Paiute or in Utah, they have none. So we're trying to get so we have one credit officer even to service the whole State and that way we would be able to provide credit, or to have a person to process our claims and our applications.

We also need somebody to go to the banks and explain the guarantee program. Our banks don't understand. Our people who are explaining, who want the loans, don't have the knowledge and the ability to go in there with the BIA people to explain the guaranteed loan situation to the credit officers. We need a representative from the lending agency of the guarantor, who is the Bureau, to come in there with us and go in and explain these to the banks. Without the credit person going with us, it's hard to be credible with the bankers when they go down their little checklist that they go down in order to do the loan guarantees.

Indian agriculture is overwhelmingly affected by the small individual operators and I'm talking about small in comparison to the non-Indian community. Capital for land purchases and improvements along with short and intermediate term loans for operating

loans must be made available or you'll continue to see a decline of agriculture in Indian country.

In closing, I want to say that the Indian farmers and ranchers do not want a welfare program to maintain their operations. We want an equal opportunity to produce along with the non-Indian community and be able to access the same level of credit that is available to the private sector. Once all the inputs are made equal to the Indian, the Indian producer will be able to affect the reservation economies and have the pride of knowing that he is as productive as the same operator off the reservation.

Mr. Chairman, I would also like to take this opportunity to extend to you an invitation to come and see Nevada where we can go and see the agriculture and the alfalfa fields and the cattle and the grain through the glitter of the casinos in Las Vegas and Reno.

Senator MCCAIN. It would probably be a lot less expensive.

Mr. EMM. Thank you.

[Prepared statement of Mr. Emm appears in appendix.]

The CHAIRMAN. In fact, we are planning to go to Nevada, to the Pyramid Lake area.

Mr. EMM. That's in Western Nevada.

The CHAIRMAN. Is that near your place?

Mr. EMM. It's about an hour and a half.

The CHAIRMAN. We might just go there.

I will have to be leaving now. I have another function to attend. The Vice Chairman of the committee, Senator McCain, will be assuming the Chair at this point, but before I leave, I would like to assure one and all that as a result of this preliminary hearing this morning, we have instructed the staff to get together immediately with appropriate BIA, Agriculture officials, the Farmers Home people and tribal leaders to look into the area of credit to see how we can facilitate credit application and to make credit much more accessible.

Second, as you have heard, we will be working very closely with Dr. Jones and his people to prepare for the next cycle of appropriations and I can assure you that we will get something in addition specifically set aside for native Americans.

So this is just a beginning. We hope that as a result of this hearing, we will have tangible results. We can assure you we will do our best.

Mr. Peasley, I would like to stay here to listen to your testimony but I will read the text.

Mr. PEASLEY. I understand. Thank you, sir.

The CHAIRMAN. So with gratitude to the Vice Chairman for taking over, I will have to say goodbye.

Senator MCCAIN [assuming Chair]. Thank you, Mr. Chairman.

I'd like to mention as you leave that there is no one who displays more patience in hearings than our distinguished Chairman. He always tries to hear every witness and I know that means a great deal to people who travel a long way to be here.

Thank you, Mr. Chairman.

Mr. Peasley, would you like to give your testimony?

STATEMENT OF DON PEASLEY, BUSINESS COUNCILMAN, COLVILLE CONFEDERATED TRIBE

Mr. PEASLEY. Thank you.

Good morning. I'm Don Peasley, Chairman of the Land and Forestry Committee of the Colville Confederated Tribes Business Council. I'm also Vice President of the Intertribal Timber Council. The Colville reservation encompasses about 1.3 million acres in Eastern Washington State. Our tribal economy depends primarily on timber and agriculture production although furs and mineral mining are also being promoted on the reservation.

Current acreage under cultivation is trust lands, about 20,000, non-trust approximately 10,000. Total cattle on reservation under Indian permit is about 10,500 head, horses around 300 head. The growth of the agricultural-related businesses on the reservation depends on the tribes and individual tribal members' ability to obtain credit. Current credit sources for individual tribal members and tribal enterprises include direct BIA loans, BIA-guaranteed loans and a credit program owned by the Colville Confederated Tribes.

The Farmers Home Administration and HUD have promoted the Federal Housing Program but we are encouraged by their recent limited involvement with trust properties. The difficulties Colville tribal members encounter in obtaining agricultural credit are due to in most cases that tribal members have limited equity in real property or having their equity encumbered by their trust properties ownership.

Private financial institutions are reluctant to loan to tribal members due to their fears of their inability to liquidate the property due to a loan delinquency. Also, recent court rulings have determined the Tribal Courts as the court of jurisdiction on foreclosure-type actions on the reservation which creates further caution by private lenders.

Credit institutions are also concerned as to the validity of their security instruments meeting with all BIA requirements when trust properties are involved. BIA loan approval also requires extended time periods in exercising their trust responsibility, further inhibiting private lenders interest in loan transactions with tribal members.

A near term solution is to extend BIA guarantee on loans to tribal credit granting institutions. This BIA guarantee would allow the loans to be either sold on a secondary market or pledged to secure loans from our other financial institutions. This would rapidly increase availability of credit capital to tribal credit programs.

This type of BIA guarantee is now limited to loans between tribes and not to individual Indians or tribal enterprises due to requirements that the tribal credit programs must be taxpaying entities. This tax requirement would obviously be disadvantageous to the Colville Tribes.

The Colville Confederated Tribe Credit Program operates as a tribal enterprise and has approximately $30 million in assets with a net worth of $25 million and has operated profitably since 1979. The Colville reservation is a checkerboard of both trust and fee properties owned by tribal members and non-tribal member individuals. Consolidation of land ownership for timber production and

farm ranch development by the Colville Tribes has been restricted by the lack of the ability to borrow funds to purchase these properties.

A major accomplishment by this committee would be to extend BIA loan guarantees to tribal credit programs to assist the individual tribal members and tribal enterprises. Mr. Chairman, I appreciate this opportunity to express our concerns and offer recommendations on behalf of the Colville Confederated Tribes and I will be available for any questions if you might have some. Thank you.

[Prepared statement of Mr. Peasley appears in appendix.]

Senator MCCAIN. Thank you very much.

Mr. Peasley, how does the Colville Tribe finance the agricultural development on the reservation?

Mr. PEASLEY. Ninety percent of it is being financed through our own tribal loan program which the tribe supports and fronted the money and it's on a revolving fund that keeps it operating, sir.

Senator MCCAIN. Mr. Emm, it appears the BIA loan program under the Indian Finance Act is inadequate or underfunded, I think we've received testimony, for agricultural loan purposes and it's used primarily for non-agricultural loans. Are the loan programs within the Department of Agriculture sufficient to meet the needs of the tribes in your opinion and what has been your experience in attempting to access these programs?

Mr. EMM. The loans that are available through the USDA have been through Farmers Home Administration. We have in the economy of the whole agricultural community, you've seen Farmers Home having to buy down a lot of loans that were made at the high land values and when the land values decreased. One of the mechanisms that could be done is to use the BIA loan guarantee to buy these down, to do a write-down on the Farmers Home loans and make those loans viable loans again as they are being done in the non-Indian community but in order to do that, the emphasis has to be put that BIA loan guarantees can be used for agriculture.

Last year the BIA did put money out, $5 million aside in the loan guarantee program for agriculture. This money was put out there and the information does not pass down the ladder. The information was put out here at Central. The people at the Agency level who actively make the loans did not know that this money was set aside.

The guaranteed loans were charged against the actual budget rather than the set-aside budget for agriculture and consequently it shows up as, there is not a need for credit in Indian agriculture, which is not the case. It's that the money at the local level is not being made available at the lower levels so that the operator who is the actual farmer and rancher and you met one here today, where they can go into the Agency level and have the guy help them write the credit up or handle the application—not write the application up but handle the application with either the BIA or the loan guarantee with the banks.

Senator MCCAIN. Mr. Peasley, would you care to comment?

Mr. PEASLEY. Yes; just a little addition to this, we have several enterprises on our reservation that are non-agricultural and the BIA loans aren't those that we tried to acquire with the 90 percent guarantee became very, very difficult. I don't know a farmer such

as myself or a cattle operator would have the expertise or the patience or even willing to take the chance of the reticulation that you go through to get one.

Senator MCCAIN. Mr. Emm, do you see any progress being made between the Department of Agriculture and the Department of Interior on these credit problems?

Mr. EMM. I've been to a meeting between the two committees of Farmers Home Administration and the BIA credit back when—this was when J.D. Colbert was the head of the Department, about a year and some odd months ago and at that time, it was a fact finding meeting, everybody explaining basically what programs were available, but as far as actual hands on, let's get down, can we work this out, dialogue didn't happen.

Senator MCCAIN. Mr. Peasley.

Mr. PEASLEY. I have the same feeling.

Senator MCCAIN. Same opinion. So you would both agree that these issues need the attention of the Select Committee and the Congress?

Mr. EMM. Yes; one of the things I do want to make clear is that most loans and the access to credit with HUD, BIA, EDA, Small Business—a lot of it is done by the tribes and we're getting into where the tribes are running the big businesses because they have the access to credit. Our limits on credit available for Indian credit are under $1 million. That won't buy a good farm.

So we have to go to Farmers Home who is pretty hard to deal with right now because they're getting out of the direct loan business. They want to go loan guarantees. We're back to the same problem with trust property again. So what we need to do is funding. Don't forget about the individual guy who has the million dollar need in order to run a business where a tractor costs you $100,000, where cattle cost you $800 a pair and operating money in our country on a cow is $225 a year.

Senator MCCAIN. How much?

Mr. EMM. $225 a year by the time we pay hay, pasture, medicine, we have $225 in an animal that we have to pay back the cow and luckily this year, we're going to be able to receive a gross payment on our calves of about $425 each. See, it's a real low income, high dollar deal that now with HUD and the BIA being able to fund the tribes but the individual who is 85 percent of Indian agriculture is getting left out.

Don't leave him out.

Senator MCCAIN. I think you make a very important point.

Mr. PEASLEY. If it were not for our tribal loan program, our local farmers, cow operators or ranchers, whatever they may be, the smaller person, would not be able to secure funding. Our enterprise system which we have in our tribe, we'd rather have them go out on the outside market and borrow money rather than our individuals. That's how we support them.

Senator MCCAIN. I see.

Well, I want to thank you both and I want to thank all the witnesses for very important testimony today. As the Chairman mentioned, we'll have several other hearings on this issue and clearly, it requires the attention of the Congress of the United States and I think all of you have contributed a great deal.

I might say that the record will be left open for 30 days, if there are additional comments or testimony which you would like to submit.

This hearing is adjourned.

[Whereupon, at 11:06 a.m., the committee adjourned, to reconvene at the call of the Chair.]

APPENDIX

Additional Material Submitted for the Record

STATEMENT BY

DR. PAUL E. KINDINGER

DIRECTOR, OFFICE OF PUBLIC AFFAIRS

U. S. DEPARTMENT OF AGRICULTURE

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS

UNITED STATES SENATE

NOVEMBER 2, 1989

Mr. Chairman, thank you for the opportunity to appear before you to review the status of the Department of Agriculture's initiatives that address the issues involving Indian agriculture. Indicative of our interest in this area, I have brought along with me today several people who work on these programs and issues at Agriculture on a daily basis. First is Stuart Jamieson, Coordinator, Native American Activities, Office of Intergovernmental Affairs, who is within my area of responsibility. We also have with us today Keith Smalley of Farmers Home Administration, Dick Rankin of Extension Service, and Dan Shaw, Agricultural Stabilization and Conservation Service.

USDA has placed a high priority on making sure that the American Indians and Alaskan Natives have equal access to the programs of the department. To underscore the importance of this effort, USDA established the "Native American Working Group" (NAWG) a few

years ago. The purpose of the Working Group is to help coordinate programs and to guide and counsel agencies working with tribal groups and individuals. The "Working Group" consists of senior department officials.

We learned a lot in recent years about how to overcome barriers--both legal and cultural--and we are still learning. In the past, conflicts over state and tribal laws, interpretation of federal civil rights statutes, and concepts of land ownership and rights, all combined to deny tribal groups access to many of our programs. But, with the cooperation and assistance of tribal organizations, such as the Intertribal Agriculture Council and the Southwest Indian Agricultural Association, we have removed many barriers and I know that the learning process has been a mutual one.

Many of us may be unaware that the greater portion of the world's fruit and vegetable diet we enjoy today was developed and harvested by American Indians long before the arrival of the Europeans. According to our Economic Research Service, there is not one country in the world that does not grow some food crops native to the Americas. It was with this in mind, during last year's USDA Native American Heritage Week, that a tree on the grounds of the Department was dedicated to Native American Indians in commemoration of their many contributions to American agriculture.

Let me share some of the initiatives we have taken recently:

Most significant was an agreement in principle with the U.S. Department of the Interior. It says, in part: "the USDA is the lead agency of the Federal government for providing effective and efficient coordination of federal agricultural and rural development programs. In providing its services, USDA recognizes its responsibilities with regard to American Indians. USDA recognizes that these entities possess the right to exist as separate governments, with authority to govern themselves and manage their resources."

In support of this agreement, our Soil Conservation Service, Agricultural Stabilization and Conservation Service, and Extension Service have updated their Memoranda of Understanding with the Bureau of Indian Affairs (BIA). A special committee on finance was established between our Farmers Home Administration and the BIA.

The Forest Service, as a result of a national study to identify ways of improving its relationship with American Indians and Alaskan Natives, established a Native American policy and a tribal government manager position to provide program direction.

In association with the Southwest Indian Agricultural Association, Soil Conservation Service sponsored a Native American Agricultural Symposium at the Scottsdale Community College in Arizona to provide an information source for Indian youths interested in USDA careers. The Office of Personnel is also developing an outreach employment program designed to attract more American Indians and Alaskan Natives into the USDA work force.

FmHA recently held meetings on all four Indian reservations in North Dakota for the purpose of reaffirming FmHA's commitment to better serve the needs of those tribes and their members. We are also working with tribes in Montana; meetings likewise, have been scheduled with tribes in Oklahoma. More outreach meetings will be considered as the need directs.

I might also mention that an informal group called the American Indian and Alaskan Native Agriculture Network meets on a regular basis at USDA. The purpose of this group is to serve as an information network to enhance the work of such groups as the Intertribal Agriculture Council, Southwest Indian Agricultural Association, National Congress of American Indians, and any other organization that wishes their services. The membership of the group includes not only USDA but other federal agencies that work closely with tribal groups on agricultural issues.

We are proud of what we have accomplished at USDA. We also know more needs to be done. We seek your counsel in helping USDA develop ways to speed progress for the benefit of Indian agriculture.

Next week, we are recognizing and celebrating the Native American's contribution to this country's heritage. The theme is "Dignity Above All Things". A program is scheduled on November 9 in the Patio of the Administration Building.

This concludes our testimony. We will be pleased to answer questions you may have.

OPENING STATEMENT
SENATOR JOHN McCAIN
THURSDAY, NOVEMBER 2, 1989
OVERSIGHT HEARING ON INDIAN AGRICULTURE

I WOULD LIKE TO COMMEND THE CHAIRMAN FOR HOLDING THIS TIMELY HEARING ON INDIAN AGRICULTURE. THE TESTIMONY PRESENTED WILL INITIATE DISCUSSION ON HOW TO PROVIDE EFFECTIVE AND EFFICIENT COORDINATION OF FEDERAL AGRICULTURAL PROGRAMS. AGRICULTURE IS ONE OF THE LEADING SOURCES OF PRIVATE SECTOR ECONOMIC ACTIVITY IN INDIAN COUNTRY TODAY. A VAST PERCENTAGE OF INDIAN TRUST LANDS ARE UTILIZED FOR AGRICULTURAL PURPOSES, ALTHOUGH LESS THAN 35 PERCENT OF INDIAN OWNED FARMLANDS ARE BEING USED BY INDIANS.

I AM HOPEFUL THAT THIS HEARING WILL BEGIN A PROCESS OF OPEN AND EFFECTIVE COMMUNICATIONS BETWEEN THE DEPARTMENT OF AGRICULTURE, THE BUREAU OF INDIAN AFFAIRS, AND INDIAN AGRICULTURE ORGANIZATIONS AND TRIBES ON THE PRESENT STATUS OF INDIAN AGRICULTURE. ULTIMATELY, A CANDID UNDERSTANDING OF THE PROBLEMS SHOULD HELP US ALL TO ARRIVE AT WORKABLE SOLUTIONS.

OUR COMMITTEE STAFF IS CURRENTLY DRAFTING INDIAN WATER MANAGEMENT LEGISLATION. OBVIOUSLY, INDIAN AGRICULTURE IS VERY DEPENDENT ON RELIABLE SOURCES OF WATER. WE UNDERSTAND THAT MANY INDIAN IRRIGATION SYSTEMS ARE IN NEED OF EXTENSIVE REHABILITATION AND BETTERMENT. HOPEFULLY, WE CAN ADDRESS SOME OF THESE NEEDS THROUGH LEGISLATION. I WOULD ALSO HOPE, MR. CHAIRMAN, THAT WE

CAN CONDUCT A THOROUGH OVERSIGHT HEARING ON INDIAN IRRIGATION SYSTEMS EARLY NEXT YEAR.

IN INDIAN COUNTRY TODAY, AGRICULTURE PLAYS A MAJOR ROLE IN THE SOCIAL, CULTURAL, AND ECONOMIC WELL-BEING OF THE INDIAN COMMUNITIES. WE CANNOT PLAN FOR THE FUTURE OF INDIAN AGRICULTURE WITHOUT UNDERSTANDING WHERE WE ARE TODAY. I LOOK FORWARD TO WORKING WITH YOU TO FIND WAYS TO ENHANCE THE OPPORTUNITIES FOR NATIVE AMERICANS AND ALASKAN NATIVES IN THE FIELD OF AGRICULTURE.

STATEMENT OF DR. EDDIE F. BROWN, ASSISTANT SECRETARY FOR INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR, BEFORE THE HEARING OF THE SELECT COMMITTEE ON INDIAN AFFAIRS, UNITED STATES SENATE, REGARDING INDIAN AGRICULTURE PROGRAMS.

November 2, 1989

Mr. Chairman, thank you for the opportunity to appear at this hearing to discuss Indian Agriculture in general and the Bureau of Indian Affairs (BIA) Agriculture programs in particular. We believe these hearings will provide helpful insight into concerns being expressed in the Indian agriculture community. Indian agriculture is the most undervalued economic development program in Indian country. Since 1950, it has been BIA policy to encourage the use of Indian agricultural resources by Indians. We hope these discussions will lead to closer cooperation among the Congress, the Indian Community and the Executive Branch as we address Indian Agriculture issues into the 21st century.

From the late 1940's through the early 1960's the BIA, like other segments of the Federal Government, intensified its agriculture related programs by hiring adequate professional staff, rehabilitating existing agriculture facilities, developing new farm lands and providing needed technical assistance to Indian operators engaging in farming and ranching. Most, if not all, young operators were being encouraged to pursue additional education at colleges and universities under the GI Bill or other educational opportunities. This was a period of extensive development and forward progress in agriculture throughout Indian country. Many young Indian farmers and ranchers were given a start in agriculture through the BIA revolving credit and cattle repayment programs. This emphasis on agriculture was a start in the right direction. However, as happens in many programs, a change in policy and priorities placed agriculture at a lower priority with tribal Governments and BIA. Due to emphasis on other priorities, these young entrepreneurs engaged in the agribusiness world were left with little or no support mechanism from which to draw encouragement and assistance. This was

perhaps most apparent with the loss of the agriculture extension program on many of the reservations.

Starting in the mid-1960's under the Great Society Programs, natural resource programs, particularly agriculture and ranching, took a back seat to industrial development and improved programs in the human resource arena of social services and law and order. Motels, tanneries, furniture manufacturing, industrial parks and outdoor recreational developments were expected to carry the burden of moving the Indian reservations into the 21st century. In the late 1960's and early 1970's oil, gas and coal resources were called upon to solve the economic problems facing some of the Indian communities.

Only recently have we recognized the importance that each of the above resources plays in the overall economic well-being of the reservation economy. Each effort contributes in its own way toward a stable and sound economy. It is important that all options for economic development, including agriculture, be evaluated as to its contribution in developing reservation economies.

This fact was quite evident during the economic downturn in the early 1980's when the agriculture economy soured and many of the Indian farmers and ranchers were caught in the same economic squeeze as their non-Indian neighbors. High production costs and low prices, combined with drought conditions, forced many Indian operators out of business. The resulting reduction in revenue through loss of rental income and sales tax, and the additional drain on already overtaxed social and safety programs has today forced tribal Governments to reassess their policies and priorities concerning the agriculture and ranching segment of the reservation economy.

Agribusiness continues to be one of the largest sectors in the national economy. Indian agriculture provides the largest economic impact on most

Indian reservations. The BIA administers approximately 43.1 million acres of Indian-owned native rangeland and 2.4 million acres of irrigated and dry farmland on some 308 Indian reservations in 21 states including Alaska. Of these, about 35.6 million acres are tribally owned and 9.5 million acres are allotted lands owned by individual Indians. These lands vary from the hot Sonoran Desert of southwest Arizona with native vegetative production of 50 pounds per acre to the True Grass Prairie region of the Great Plains with 4000 pounds of native grass production per acre. Mechanized agriculture ranges from subsistence garden type operations of less than 10 acres producing corn, squash, chiles and melons for immediate family use to highly specialized and productive commercial vegetable, cotton, orchard and grain farms consisting of several thousand acres.

The farming and ranching sector provides the main source of entrepreneurial opportunity to the Indian people living on reservations, with some 33,572 individual families engaged in agriculture pursuits. However, there has been a slow decline in the number of Indian-operated farms and ranches in the last several years. In 1983, 38 percent of the Indian-owned farmlands were actually farmed by Indians. In 1987, that percentage had decreased to 34 percent. In 1983 Indians used 95 percent of the grazing land on reservations but in 1987 this figure had decreased to 85 percent.

In 1987 the gross value of products grown on agriculture and range lands, excluding values associated with hunting, fishing and outdoor recreation, was $466,166,683. Of this amount, 43 percent or $203,214,692 was produced by Indian farmers and ranchers on some 35,367,404 acres. Current estimates for crops grown in 1989 are double the gross value for 1987. In addition to the gross value of crops grown, individual Indian land owners and tribes receive $50.5 million in lease rental income from the agriculture and rangeland resources.

As a result of P.L. 99-190 enacted in December 1985, Congress required that the Secretary of the Interior submit a report to Congress on: (1) the use of the emergency hay appropriation; (2) the impact of the drought on the affected Indian reservations; (3) long-term strategies to address the disaster; and (4) the effectiveness of Federal and tribal roles in resource management related to ranching, agriculture, and other land use on Indian reservations throughout the United States, with recommendations to improve that effectiveness. As a result of this report filed with Congress in September 1986, 14 regional hearings were held in an effort to solicit input from Indian tribes as well as land owners and land users on the effectiveness of BIA agriculture and irrigation throughout Indian country. These hearings resulted in the establishment by the BIA of the National Indian Agricultural Working Group composed of 12 tribal representatives and six BIA representatives. The Working Group was charged with the responsibility of addressing and providing direction on five of the nine recommended actions in the Report to Congress referenced above: (1) Mission, Objectives and Policy; (2) Lease and Permit Regulations; (3) Bureau Program Requirements; (4) Financing for Indian Agriculture Endeavors; and (5) Improvement of Federal Services. The Working Group identified 32 actions which it felt would improve Indian agriculture if implemented. These actions are found in the Final Findings and Recommendations of the National Indian Agricultural Working Group submitted to Congress in December 1987 (Green Book). These actions are wide-sweeping and encompass statutory authority, Departmental regulation, policy and BIA working policy.

After reading various committee reports submitted by the Working Group, it was obvious that many people, particularly those within the Indian community, were questioning the laws, regulations, policies, and rules under which the BIA was operating agriculture programs in Indian country. I can assure you, we in the BIA have also been concerned about Indian agriculture and our responsibility to Indian-owned agriculture resources, and we will redouble

our efforts to coordinate with the various tribal Governments to reexamine the priority of Indian agriculture within the reservation economy.

Progress has been made on many of the items identified by the Working Group. Perhaps one of the most important of these was the formation and chartering of the Intertribal Agriculture Council (IAC). This organization composed of representatives of the various Indian tribes receiving agriculture services from the BIA, works closely with the BIA and provides direct interaction with the Indian community.

We are enthusiastic about the renewed Congressional interest in Indian Agriculture and feel this is an excellent opportunity for all interested parties to work toward evaluating and resolving many issues relating to Indian agriculture resource management.

This concludes my prepared statement. I will be happy to answer any questions the Committee may have.

Prepared Statement of the Intertribal Agriculture Council before the November 2, 1989 Oversight Hearings on Indian Agriculture held by the Senate Select Committee on Indian Affairs

Introduction

Mr. Chairman, I am Robert L. Miller of the Creek Nation of Oklahoma. I am the President of the Intertribal Agriculture Council, and want to express the gratitude of our 54 member tribes for your interest and concern as represented by your calling for this hearing today. The presentation I am giving here today is meant to give a general overview of Indian Agriculture, and introduce topics which will be covered in greater detail by others.

The Intertribal Agriculture Council

First, I should introduce the organization I represent. The Intertribal Agriculture Council (IAC), is a private, non-profit corporation, comprised of dues paying member tribes with an interest in the management and development of their land and agronomic resources. It was founded by charter in November of 1987 to provide a unified effort at promoting change and improvements in Indian agriculture for the benefit of Indian people and communities.

The IAC is governed by a Board of Directors composed of tribal representatives elected from each of the twelve Indian Regions recognized by the Bureau of Indian Affairs. Officers are elected by the Board from its membership, and all members serve on a voluntary basis.

Voting membership in the IAC is limited to federally recognized tribes and Native Alaskan Associations. The IAC currently represents 54 dues paying member tribes which together control 43 million of the 53.7 million acres of Indian Lands in the contiguous United States, and approximately half of the 44 million acres in Alaska. Tribal members pay dues of $200.00 per year. In addition, an individual supporting the purposes of the IAC may apply for Associate Membership which does not confer voting rights. The dues are $25.00 per year and there are currently 26 associate members. Corporations supporting the purposes of the IAC may become Corporate Members which do not have voting rights. The corporate dues are $500.00 per year, and there are 3 corporate members.

Agriculture's Importance

When visiting Indian Country, it is common to drive past numerous small farms, and ranches, investigate horse pastures as potential Industrial sites, and cross Irrigation ditches or drainage canals to gain access to services. Visitors seeking economic development sources are surrounded by the

primary source of Indian wealth and income, but unfortunately fail to recognize it.

According to reports of the Bureau of Indian Affairs, Indian agricultural production in 1984 was valued at almost two and half times the value of all oil and gas income and nine times the value of all forest products on Indian lands. These conservative estimates of agricultural contributions to the Indian economy were recently doubled by the BIA in a report to a USDA Native American Task Force in August, 1989. In these reports, the BIA has also indicated that the agriculture sector is far and away the largest single employer of Indian people, with upwards of 34,000 Indian people engaged in commercial Agriculture and 45,000 engaged in subsistence agriculture.

Current Status

Native Americans have strong traditional and economic ties to agriculture. For centuries they cultivated and perfected crops which have now become mainstays of world diet. Several different varieties of potatoes, tomatos, corn, pop corn, summer and winter squash, bananas, pineapples, avocados, plums, various cherries, walnuts, chestnuts, pecans, and filberts, are just a few examples of their contributions.

Agriculture and land resources remain vital to the economic, social and cultural welfare of Native American individuals and tribes. Ancient and traditional agricultural pursuits are currently practiced throughout Indian Country, such as the hand-harvesting of wild rice crops by the Great Lakes Indians, the gathering of berries and root crops by the Northern tier and Alaskan Natives, and the subsistence farming practiced throughout the country. Modern commercial agriculture is also common throughout Indian country. Commercial Indian agricultural enterprises include livestock and dryland farming of small grains in the Northern Great Plains; production of irrigated table crops in the southwest; fruit, nut, vegetable, hop, and small grain production under both irrigation and dryland conditions in the Pacific Northwest; and cattle and citrus fruit production in the Southeast.

Tribal governments are involved in a wide array of agri-business pursuits such as meat packing plants, horticultural greenhouses, orchards, tribally operated farms and ranches, and the leasing of millions of acres of tribal lands to individual farmers and ranchers for agricultural use.

The 1986 BIA Report to Congress on Agriculture/Range reports that:

- 33,572 Indian families earn their livings through farming or ranching,
- 45,000 grow agricultural products as part of a subsistence lifestyle,
- 46 million acres of Trust land are used for agriculture,
- Agriculture is the primary contributor to reservation economies,
- less than 35% of Indian-owned farmlands are currently being used by Indians.

Recent Reports and Task Forces

Agriculture and related resources in Indian country have been the subject of a long series of reports, dating from the Meriam Report to the Congress in 1928 which recommends "Encouragement of Indian use of Indian lands,..." More recently, the August 1975 Report to the Committee on Interior and Insular Affairs, United States Senate by the Comptroller General of United States titled: Indian Natural Resources--Opportunities for improved management and increased productivity. Part 1: Forest Land, Rangeland, and Cropland states:

> *"The management of Indian Natural Resources has been hindered by limited long-range planning for resource development, lack of personnel for technical assistance and advice, and conflict of tribal or individual goals with accepted resource management practices."*

Numerous recommendations were made in that report, and many of those which related to forest management have been implemented. Few, if any, specifically related to rangeland or cropland have been undertaken.

There has been renewed attention drawn to Indian land management and Agriculture in the past few years, however. The Report to Congress on BIA Agriculture - Range Programs, prepared by the BIA, contains 9 recommendations to begin improving conditions for Indian agriculture. One recommendation which was implemented from that report created the National Indian Agriculture Working Group which was appointed by the Assistant Secretary for Indian Affairs in June, 1987. That Working Group also presented a detailed report of their Findings and Recommendations to the Assistant Secretary in November of 1987. Included in that report were recommendations for 32 specific actions to make improvements in Indian agricultural opportunities for tribes and individuals.

However, all this recent activity has not yet resulted in a change in BIA regulations, procedures or budget priorities. Currently there is no provision in the budget or work plans of the Bureau to address any of this previous work.

The opportunity to present this information to the Senate Select Committee on Indian Affairs in a general Oversight Hearing can be considered, however, to be a direct result of earlier efforts and a renewed awareness of the role of agriculture and land based resources in Native American and Alaskan Native economic development. It is hoped that these hearings will mark the beginning of a concerted ten-year effort, initiated by the tribes, the Executive Branch, and the Congress, to address and resolve the difficulties and seize the opportunities in all Indian-owned renewable natural resources. With this kind of a new cooperative beginning, longstanding and unresolved issues which have thwarted Native American and Alaskan Native

development throughout the 20th Century, can be put aside and the next century can begin with a fresh agenda for Self-determination and Self-sufficiency through the Indian-use of Indian resources.

Overview

In this brief discussion involving a national perspective on Indian agriculture, it is important to remember that each Tribe is a unique entity, having its own culture, customs, social structure, and community goals. Indian agricultural production also varies greatly from one region to another, and currently parallels off-reservation agriculture in kind, if not in scale. While there are similarities, there are also great differences, therefore the following discussion is intended as a general overview, not a definitive dissertation on Indian Agriculture.

Examples of differences between Indian agriculture and the agriculture practiced in neighboring communities includes the fact that Tribal Governments are undoubtably the only Sovereign units of Government in the United States which are actively engaged in commercial, profit-oriented agricultural production. Individual Indian farming and ranching enterprises also differ significantly from off-reservation operations: primarily there is a general lack of long-term stability which has been attributed to smaller scale, lack of capital, poorly developed land, land ownership problems, poor land tenure terms, isolation, increased distance to markets, and a lack of community infrastructure.

To understand the basis for these differences and possible means of correcting problems there are three major areas which should be explained. First, agriculture is a land-based operation, and in order to understand the issues of current land use and scale it is necessary to describe the classes of land ownership, and how the land is currently administered. Secondly, agriculture is a business, and the economic issues of capital acquisition, equity accumulation, and credit are of vital importance in modern agriculture. Finally, the development and use of existing land and human resources is a key to competitiveness and is discussed as the third major topic. Each of these three topics will be also be covered by others participating in these hearing. Therefore, we have limited this presentation to the general background necessary to begin to understand these key issues affecting Indian agriculture.

Land Status

Agriculture is based on the use of land to produce livestock and crops for the benefit of mankind. It is necessary to understand the access to land in Indian Country in order to understand the basis for agriculture production by individual Indian farmers and ranchers as well as tribal enterprises.

First, although all the land we are discussing is held in Trust by the United States, there are many different owners of Trust Indian Lands. Therefore, trust lands are defined by their ownership type. Briefly, the most important and common of these general ownership-types are:

1. Tribal land. Tribal Lands are simply those trust lands owned by the Tribal governments.

Tribal governments own the majority of Indian 'trust' lands in the United States. There are several different attributes to tribal land, however, such as whether the land has been retained in tribal ownership since the original reservation was formed (Tribal Original), whether the tribe has re-purchased it from an allottee or heir (Tribal Purchase), or acquired the land in another fashion. Each of these attributes may affect the management and potential use of the land.

Tribal lands are generally administered under the authorities of a Tribal Land Committee or similar organ of tribal government. These lands frequently constitute the primary source of wealth for the tribe, and are a major source of tribal income. Restrictions on the use of tribal lands are contained in many tribal constitutions or charters. For example, some tribal constitutions prohibit the sale, mortgage or other encumbrance of Tribal Original lands. Tribal Purchase lands may fall under a different category, depending on the tribe, and may be mortgaged to FmHA, BIA, or the private sector in order to obtain financing under various Tribal land acquisition programs. Mortgaged lands must earn income to off-set required payments.

Most tribes lease or assign all or a part of the tribally-owned lands in order to gain tribal income. Idle lands may cause a reduction in governmental income and services, and in the case of mortgaged tribal lands, may result in foreclosure when the idle lands do not produce income to offset mortgage payment requirements.

2. Allotted land: Allotted lands are those trust lands which were taken from Tribal ownership and granted to individual Indians under the series of allotment acts. Approximately 10 million acres of trust land are in this category. Under the umbrella of "Trust Responsibility" the BIA manages these lands for the benefit of the landowners, and the Tribal Governments are general assumed to have no authority over their management or use.

Allotted lands can generally be categorized in one of two ownership classes for management purposes: Single Ownership and Undivided Interest Heirship. Probably the majority of allotted lands fall into an "Undivided Interest Heirship Lands" category.

Undivided Interest Heirship Lands: An allotment or ownership tract with multiple owners, each with a real property interest in the land. These

ownership interests are generally referred to shares, and may be defined as either an acreage figure or a fraction of the whole.

As the original allottees passed away, their land was distributed to their heirs as "shares" in the allotment, not as actually identified tracts of land. Unless requested and agreed to by all the surviving heirs, the land was not partitioned into smaller tracts of single-ownership. After a few generations, this undivided interest method of distributing inherited land has resulted in an ownership category where numerous owners, typically over a hundred, own varying shares in an allotment. Undivided Interest owners can all claim owners-use of the land, but none can legally identify which small piece is theirs, and in many instances the actual ownership share may be much less than one-one hundredth of the original tract. It is rare that a single owner has a clear majority of the ownership in this ownership type. Typically this land is leased out by the BIA, and the rental income distributed to the land owners in an amount proportionate to their ownership share in the tract.

The myriad problems associated with a tract of land which has literally hundreds of scattered owners are substantial, and can be summed up by indicating that with so many owners, no one has actual control or responsibility for the land, no one receives any real value from "owning" the land, and no one is empowered to make decisions on its use. These problems are endemic and beyond the scope of this simple overview, but are an area where resolution is needed before the next century

Single Ownership Lands: Single ownership allotted lands are simply tracts with a single owner, and are frequently the result of an allottee will, or a surviving allottee.

Trust allotted land with a single owner is similar to off-reservation lands in many respects, and can be used by the owner in an almost unlimited fashion, under the umbrella restrictions of the federal trust. There are many cases where an enterprising individual has been able to acquire, through trade and purchase, all the shares in an undivided interest tract and thereby consolidate ownership. Several tribes have implemented programs to trade tribal lands for scattered undivided interest shares in order to assist individuals in gaining sole ownership of a single tract, thereby combatting the Undivided Heirship problem. However, with the steadily progressing ownership fractionation, the consolidation of undivided interest shares to acquire sole ownership is becoming increasingly difficult.

All agricultural allotted lands, whether farming or grazing, are administered by the Bureau of Indian Affairs and are generally leased to acquire income, unless the landowner has sole ownership, is using the land directly or has a bonafide lease arrangement satisfactory to the BIA.

Land Tenure:

Because most of the Indian trust lands are either owned by the tribal government or are in undivided interest heirship status, individual Indian farmers and ranchers generally do not own their farms or ranches, but must lease the land they use from the BIA or the tribe. This is one primary difference between Indian and non-Indian agriculture production methods.

The vast majority of land used by Indians in the production of livestock or crops is leased for terms of 5-years or less through the Bureau of Indian Affairs. In the case of large areas of native range or pasture lands, many individual ownership tracts, including both tribal and allotted lands, may be lumped together into a single leasehold called a range unit. These range units have specific requirements which are somewhat different from farming or pasture leases, but can be considered similar for purposes of this general discussion. Land not in range units is generally leased on an individual "tract-by-tract" basis.

The existing leasing and permitting regulations which control tenure on trust lands were written several decades ago, apparently to allow the BIA to lease Indian lands to non-Indians for income purposes. Since the trust responsibility is afforded to the landowner, the leasing regulations have many constraints which act to thwart or prevent the use of these lands by Indians. Some of these constraints include:

1. Term - Farm and grazing land is generally leased for a term not to exceed 5-years unless substantial investment in the land is required of the lessee. The BIA has determined that the operations required to convert native rangelands into dryland farming which include clearing, plowing, disking, contouring, removing rocks, fallowing, and seeding, does not constitute a substantial investment in the land, and therefore doesn't warrant a lease longer than 5-years. When substantial improvements (as defined by the BIA) are required, however, a lease up to 10-years may be granted by the BIA Agency Superintendent if a majority of the landowners do not disagree.

2. Renewals - BIA leasing regulations specifically state that the lease will not offer the current lessee a preference to renew the lease. Expiring leases are advertised for lease to the highest bidder.

3. Indian Preference - The BIA leasing regulations specifically prohibit the application of Indian preference to awarding leases. Indians compete with non-Indians on an equal basis for leaseholds of Indian-owned trust lands.

4. Acceptance of Lessor - Individuals wishing to lease Indian-owned land may approach the land owners directly and negotiate a lease with them provided the rates and terms are acceptable to the BIA and follow their procedures. A simple majority of the land owners are required to agree to

this type of lease on a specific tract of land. Highly fractionated lands are difficult or impossible to lease using this procedure.

5. Appraised lease rates - The current BIA interpretation of trust responsibility is that it is to obtain maximum "Fair Market Rental Rates" for the landowner. Toward this end BIA real estate appraisers review sales and leases of private land in the region to establish average "Fair Market" rental rates, which then become the minimum acceptable bid for farm or grazing leases or permits. Since there are virtually no other organizations who advertise up to 50,000 acres of farming tracts and perhaps a million acres or more of grazing land, it is difficult to find comparable leases or sales. Smaller scale private leases of 40 acres or less therefore must be used as comparable leases, and are more expensive per acre than a large 40,000 acre range unit, and may be much more fully developed. In compiling the appraisal data, government lands, either federal or state, are dismissed as being subsidized. In some areas, local residents blame the reportedly high BIA appraised rental rates for increasing acreage of idle Indian lands.

Current Status on Leasing and Permitting Regulations

As a result of the existing Leasing and Permitting procedures of the BIA, on reservation Indian farmers or ranchers must compete directly with non-Indians for use of the limited Indian-owned land base, must pay rates set by the BIA which are 4 to 5 times higher than their off-reservation counterparts pay to the USFS or BLM and 2 to 3 times higher than farmers of state land pay. In most instances these acquired leases are limited to five years or less with no preference for renewal. The result: smaller scale, less competitive, more capital intensive and less stable agricultural operations.

In recognition of the disparity in these procedures, and at the recommendation of the National Indian Agriculture Working Group, both the BIA and the IAC formed working committees in early 1988 to work on reviewing these archaic and restrictive regulations. The resultant draft revisions were reviewed at length in a series of high level BIA meetings, distributed through the BIA for formal comment and prepared for publication in the Federal Register. They were submitted to the Washington office of the BIA on October 20, 1988. To date, the central office of the BIA has taken no apparent action on these efforts.

Credit and Economics

Barriers to Credit and Capital Acquisition:
Barriers to Indian access to agricultural credit are numerous and not completely understood. However, for purposes of this hearing a general understanding of the overriding issues can be briefly summarized into three main areas: land ownership, lease terms, and jurisdictional issues.

1. Land ownership - Since the typical Indian agricultural producer does not own and can not acquire the majority of his land base, he or she does not build an equity base in the land, as is true in off-reservation economies. Therefore there is no "nest egg" equity built into the operation which can be used as collateral to stabilize bad market years, finance expansion, etc. Equity in the actual operation is limited to the fluctuating value of yearly crops, equipment, and chattel. This is a very different situation than the norm for the American agricultural sector, which is based in great part on ownership of the land as the primary repository of American agriculture wealth.

2. Terms - Lease terms of 5-years, with no guarantee or preference for renewal, means that investment in the land base is extremely risky at best. Commercial credit organizations cannot enter into long term, low interest commitments with operators who can not guarantee access to land, the primary means of production, past a 5-year lease term. The relatively high rates paid for land in many areas also may reduce cash flow characteristics of the total operation, since leased land is generally not a supplement to an operator-owned land base, but is the actual land base.

3. Jurisdiction - With the development of tribal court systems and recent court decisions on tribal court jurisdiction, collection actions by non-federal lenders on defaulted loans must be pursued through tribal courts. Commercial lenders may distrust the tribal judicial system and therefore exclude on-reservation clients from their loan portfolios.

Federal Credit Programs -
The President's Commission on Reservation Economies, the 1986 BIA Report to Congress on BIA Agriculture - Range Programs, and the 1987 National Indian Agriculture Working Group all reported that the private sector had proven unable or unwilling to meet the credit needs of Indian communities. These reports developed by unrelated task forces all recommended enhancing credit availability through the federal sector to accommodate these unmet needs.

Both the BIA and the FmHA offer significant credit programs of value to Indian Agriculture and Tribal enterprises. These are the topics of other speakers so will not be addressed at length here. A primary concern in reviewing these programs is the retreat from direct loan programs to

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guaranteed loans, where the individual applicant must obtain a financial commitment from a commercial lending source and the BIA or FmHA may guarantee up to 90% of the face of the loan to offer greater security to the lender. These programs do not address the limited collateral position, short-term nature, or jurisdictional problems in accessing commercial credit sources on reservations. In addition, applicants have reported lead times for BIA or FmHA action on loans requests of up to two years or more, a delay most commercial lenders are not willing to make. The direct loan programs, while not a cure-all, should be re-established while other barriers to credit are being resolved.

Physical and Human Resource Development

In the past decade, many tribes have been successful in making significant progress in economic development and related social projects through concerted efforts at resource development. The timber resource tribes and, more recently, the tribes with fishery resources, have begun to prosper through the concerted development and use of their own resources. This has been achieved largely though the cooperation of the affected Tribes, the Congress, and the Bureau of Indian affairs (BIA) who together have implemented successful management and development programs for these specific resources.

Physical Resources

Unfortunately, the improvement of agricultural resources has not been a priority in recent years despite agriculture's role as the primary source of employment and revenue in Indian communities, and in many cases has actually been discontinued. As a result of reduced management inputs and generally low priorities, Indian agricultural lands are not only underdeveloped, but have been increasingly idle and decreasing in productivity and value in recent years, according to the Bureau.

In its 1986 Report to Congress on Agriculture, the BIA states:

> *"Although agriculture is the primary contributor to reservation economies and employment, funding for all agriculture programs has averaged only 2.25% of the total Bureau budget for the past ten years."*

The most recent identifiable effort at development of the agriculture resources of Indian lands on a national basis dates to the CCC days in 1930's, and many existing physical developments, such as stockwater developments, Irrigation reservoirs, and other permanent agriculture structures date from that period.

Recent Activities

The evidence of the low priority placed on development of this primary Trust resource is best illustrated by the fact that the federal government is

expending far greater money, manpower, and expertise managing its own land-based agricultural resources than it is managing Indian trust lands.

We have been told that the staffing formula used in the Bureau of Land Management is one range management professional for every 250,000 acres of rangeland. The BIA estimates that they have similar professionals for every 800,000 acres of Indian trust rangelands. This is less than one third the staffing expertise utilized by other Department of the Interior agencies. Additionally, figures we have obtained from the BIA indicate that the 46 million acres of Indian agriculture lands are administered by a total of only 229 professional positions in the BIA structure, and fully 20% of these positions are currently vacant due to a lack of budget or priority.

In the Department of the Interior the Bureau of Land Management (BLM) spends an average of 93 cents an acre for land management, excluding Realty, Forestry and Minerals functions, on 270 million acres, including 90 million acres in Alaska. In contrast, the BIA spends only 24 cents an acre for similar functions on the 98 million acres of Native lands under authority of the Secretary of the Interior, including 54 million acres of trust lands and 44 million acres of restricted Native lands in Alaska. In this case, the Secretary of the Interior is spending almost four times as much money to manage an acre of land under BLM jurisdiction as he is spending for the similar management of an similar acre of Indian trust land.

This has been the pattern for many years. Over the years since the passage of the National Environmental Protection Act (NEPA), Federal land management agencies such as the BLM and the Forest Service have engaged in large scale planning and development programs as a part of the NEPA process. This has not been true on lands administered by the Secretary of the Interior for Indian people despite specific recommendations to undertake long term plan development in the 1975 GAO report.

Human Resources

For the most part, Indian reservations are located in rural areas which are dominated not by population centers and industrial parks, but by farms and ranches, and the industries which support agrarian society: implement dealers, feed stores, and mechanic shops. Much of the human resource in Indian Country reflects this rural life. There are not many accountants, book keepers, or account executives on Indian Reservations, rather there are skilled blue collar workers in an Indian work force dominated by heavy equipment operators, mechanics, welders, laborers, irrigation system operators and the stereo-typic cowboys and farmhands.

Unfortunately, the continued development of the human resources necessary to support thriving rural agricultural communities has also been largely discontinued in Indian country in recent years. For example, as recently as 15 years ago, most reservations and Indian communities had

resident Agriculture Extension agents under a cooperative program between the BIA and the USDA. Cooperative Extension Agents provide the link between advances in agricultural practices developed by the land grant colleges, and the application of these recent developments by the nation's farmers and ranchers. Perhaps even more importantly, Cooperative Extension Agents provide the leadership role in the youth orientated programs of 4-H, FFA and FHA which are vital to the development of youth in rural America.

As a program of the Department of Agriculture, Cooperative Extension Agents also contribute a liaison function for the reservation, to help ensure that reservation residents and Tribal Governments remain aware of available and applicable USDA programs and requirements. The removal of Agriculture Extension from the BIA agriculture program budget over a decade ago effectively scrapped this valuable program, and this function has been sorely lacking for many years.

Additionally, the U. S. Department of Agriculture spent $59,671,231 in FY1988 on programs at 117 predominantly black "1890" colleges and universities, but no similar programs for Indian students in the Natural resources or agriculture fields exist. A proportionate amount would be of immense benefit to the American Indian and Alaskan Native colleges, for scholarships and related programs and would result in benefits to all sectors of rural America.

Summary and Recommendations

There is no need in this summary to re-state the relationship between Indian people and the land, or the importance of the land and natural resources in the culture. The primary wealth of the Indian tribes still rests in the land and its people, and it is our suggestion that these be utilized to achieve self-determination and self-sufficiency.

Many barriers exist to full prosperity of Indian communities, among them barriers to the Indian-use of Indian resources. However, land based renewable natural resources can serve as an effective focal point for federal and tribal programs in economic development, self-determination, tribal enterprise and infrastructure development. The potential success of this approach has been demonstrated both by the timber resource tribes and, more recently, the tribes with fishery resources. The successes which have been achieved though the development of renewable natural resources by the cooperative efforts of the Tribes, the Congress, and the Bureau of Indian Affairs can and should be used as models to promote the orderly development of agriculture and land based resources for the benefit of tribes and Indian communities.

Recommendation

It is the recommendation of the Intertribal Agriculture Council that Indian resources, which include agricultural land, agricultural abilities, and a rural labor force, be fully developed and utilized to achieve self-determination and self-sufficiency. There have been enough failed attempts at forcing change for the sake of change - we suggest that development be focused on enhancing the existing natural resources and developing more fully the existing abilities of the Indian population.

To implement this fundamental change in the approach to Economic Development of Indian communities, only two major steps are needed. The first is to adopt the theme of "Renewable Natural Resource Development" as a primary means to achieve economic development goals. The administration should target programs and proposals that include Indian-use of Indian resources, and work to develop secondary supply infrastructures and added value industries which use the production of the primary industry.

Promoting the concept of Indian-use of Indian resources, as recommended as long ago as 1928, will also illuminate those problem areas, some as yet undefined and many of which are either statutory or regulatory, which hamper efforts by Indian people to develop and use their own natural resources. Logically this will lead to the removal of many of these barriers, and open debate on some others, such as the undivided heirship of allotted lands. The identification and resolution of these long standing problems will have far reaching affects on Indian Country, and the ability of the tribes and individual to be self-sufficient and self-governing.

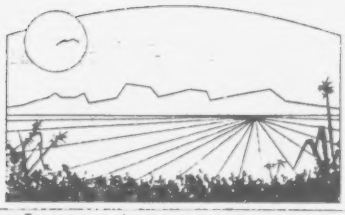
The second part of our proposed recommendation is to place the responsibility and authority for developing long-term goals and objectives on the tribes, and support the tribes in the goal setting and planning phase. This proposal is explained in our March 1989 testimony on the Interior budget before both the House and the Senate, and is briefly summarized here.

The key initial element of the proposed program is a 2-year planning phase resulting in 10-year reservation development and improvement plans as recommended in the 1975 GAO report to the Congress. These should be created by the tribes and the local community to reflect locally defined needs and priorities. Block grants to the tribes are recommended to ensure that the developed plans reflect community planning efforts and not the influence or directives of BIA contracting offices who control the contract funds. A mandatory time limit of two years is recommended to ensure that the planning phase remains a phase, and does not result in the creation of another self-feeding long term program. We also believe that the planning phase must have a defined objective: the creation and adoption of Reservation or local community resource and community development plans, land use plans, and zoning ordinances.

Some tribes do not have agricultural resources, or have strong interest in other primary resources or land uses. This program grants the leadership role in defining long-term goals and strategies for their resources to the tribes, without dictating what direction these goals should take. Therefore it is equally applicable to tribes with heavy involvement in any and all of the natural resources, including Forestry, Fisheries, and etc.

The cost of this two year program is estimated at 37 cents per acre, based on the BIA's reported development cost for Integrated Resource Management Plans. This works out to about $10 million a year for 2 years, or about 1% of the BIA budget, to firmly establish a structured, sanctioned method for the tribes to clearly define and express their long term goals and objectives, and plot a course for achieving them. This would also result in the federal government investing slightly more than half as much money in an acre of Indian trust lands as it is investing in federally-owned lands. The results would be individual reservation plans for orderly development which reflect tribal goals and objectives, and plan the commitment of tribal and federal resources to meet these objectives. This is the necessary first step toward the reality of tribal self-determination.

With a commitment by the Tribes, the Executive Branch and the Congress to work cooperatively to resolve longstanding and unresolved issues which have thwarted Indian-use of Indian resources throughout the 20th Century, the problems of this century can end with this century. The twenty-first century should not be a repeat of the frustrations and difficulties of the past. Indian people can and should move into the next century with full responsibility and control over their lands, their resources, and therefore their destiny.



SOUTHWEST INDIAN AGRICULTURAL ASSOCIATION

TESTIMONY OF THE SOUTHWEST INDIAN AGRICULTURAL ASSOCIATION
BEFORE THE
SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

AGRICULTURE OVERSIGHT HEARINGS
NOVEMBER 2, 1989

Mr. Chairman, I am Elliott Bootn, Vice Chairman of the Colorado River Indian Tribes and President of the Southwest Indian Agricultural Association. I appreciate the time this morning to present the opportunities and problems that face individual and tribal farmers and ranchers in Southwest Indian country. The Southwest Indian Agricultural Association is comprised of Tribes, individual Native Americans, agricultural associates and agricultural corporations from 16 participating tribes in Arizona, California, New Mexico and Nevada. We are governed by a Board of Directors elected from each of the four membership categories.

The Southwest Indian Agricultural Association was formed in 1988 for many of the same reasons that these oversight hearings are being conducted today. The Association provides a forum to bring people together with information and data to help recognize and resolve problems and to share solutions that have resulted in success for Indian agriculture. The Association has taken the responsibility to help members and related individuals understand the uniqueness of the many facets of agriculture on reservations in the southwest. At the same time, the Association unites on common issues to help overcome the problems or at least to make everyone, from individuals in the local communities in the

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southwest all the way to the policy and decision makers in Washington, D.C., aware of the problems and solutions.

Agriculture in the southwest ranges from garden and subsistence farming to large commercial production, from stable income crops to high value cash crops, from fish farming (aquaculture) to guayule for rubber production, and from 1 or 2 cows or sheep to several thousand head livestock herds. Indian agriculture is the lifeblood for many rural communities, both on and off the reservation, providing income, food, education, clothes, medicines and other necessities for nuclear and extended families.

As the Committee, Congress, federal agencies and tribes consider issues pertaining to Indian agriculture, all parties must understand the scope and complexity of Indian agriculture. Failure to appreciate the extent of Indian agriculture and its complexity may result in counterproductive or inconsistent actions, rather than coordinated, long-term solutions to the issues confronting Indian agriculture in the twentieth and twenty-first centuries.

Development of Indian agriculture will require a cooperative effort among tribes, the private sector, Congress and federal agencies. While the issues are complex and vary in degree from tribe to tribe and region to region, the members of the Association believe there are issues of common concern. If properly addressed, these areas of common concern will provide individual tribes a framework for realizing the full potential of their agriculture lands. The Southwest Indian Agriculture Association would like to briefly address the following issues as they relate to agriculture in the southwest. A more detailed discussion is provided in the attached testimony from tribes, tribal enterprises and individual farmers in our area.

Capital Formation

Available sources of capital are crucial to the development of any economy. Development needs of the Indian agricultural economy on reservations are no different. What is different, however, is that Indian agriculture must operate under constraints not found elsewhere. Only recently have some tribes and individuals moved from merely leasing their lands to conducting agriculture operations for their own account. Vertical integration of an agricultural economy is beneficial by increasing revenues and diversifying risks. To expand activities into actual operations, capital is needed. Because of the lack of a track record, or lack of a credit history, tribes and, even more so, individual Indian farmers and ranchers are often unable to obtain capital. In those instances where capital is available, the cost of the capital may make the operation impractical.

The Committee members are probably wondering why tribes do not utilize the direct loan or loan guarantee programs through the Bureau of Indian Affairs? The direct loan program is utilized primarily for non-agricultural economic development, and is under-funded for agriculture development. Use of the loan guarantee program is limited because lenders do not necessarily consider a loan guarantee an enhancement to invest in the Reservation due to the difficulty and hassle in ultimately claiming against the loan guarantee. This program is also operated from a negative standpoint in that when you have been turned down by three lending institutions you then can qualify for the direct loan or loan guarantee program.

Many lenders in the non-Indian context, when lending for agricultural operations, look at their ability to obtain the land in the event of default as an important factor in securing their loans. Given the unique nature of the trust status of lands on

reservations, many lenders are leery of providing capital for agriculture operations. While tribes are strongly opposed to altering the status of the land or any option which would present the possibility its lands would be lost, the tribes just as strongly believe mechanisms need to be developed to deal with lenders' concerns. The tribes would suggest, just as the Federal Home Loan Mortgage Corporation has developed standard financing documents which facilitate home financing, efforts should be made to develop standards for financing of agriculture on reservations.

Water Rights Claims and Delivery Systems

In order for agriculture to survive on many of the reservations in the southwest, water rights claims must be resolved and wet water delivered to lands that have gone out of production over time or to new lands that are economically feasible to develop. The existing irrigation delivery systems on most reservations are antiquated systems that were constructed at the turn of the century and have not been properly maintained. These systems should be improved to efficiently deliver all entitled water to all irrigable lands so designated by the Tribes. Consideration should be give to operation and maintenance of these systems by the Tribes under Water User Associations or Irrigation Districts. Operation and maintenance should be performed by the Tribal entities just as any non-Indian system operates and not as an extention of the BIA operation and maintenance structure. The tribes from the Southwest strongly support further oversight hearings on irrigation where these issues can be discussed in full detail as they relate to each tribe.

Leasing of Trust Lands

The leasing of trust lands on Indian reservations is highly regulated by the United States through the Secretary of the Interior and the Bureau of Indian Affairs (BIA). The BIA regulations were designed to protect the interests of the Tribe in fulfillment of the federal government's trust responsibility. In practice, however, the regulations and BIA policy for land leasing on reservations has hindered the development of Indian agriculture and has discouraged farming of Indian lands by Indian people on many reservations. This is in direct conflict with the homeland concept of indian reservations, the policy to promote Indian use of Indian resources and the policy of self-determination. BIA leasing regulations should be reviewed to identify any weaknesses or problems areas in application of the regulations.

Some additional consideration for policy changes include:

1. Allow irrigated land leases to be grouped or blocked into more manageable units.

2. Allow the tribes flexibility regarding appropriate lease terms. The possibility of long term leases will allow for development of the land resources with the best agriculture management practices instead of short term leases that are only geared towards maximum revenues. Make possible crop rotations which include lower value soil building crops to preserve the productivity of the lands which are currently being mined by continuous cropping of high value row crops such as cotton and vegetables due to BIA policies of short term leasing to the highest bidder.

3. Improvement of the appraisal process to insure that more pertinent and useful information is available for evaluating lease proposals.

4. Allow the streamlining of leasing procedures with renewable leases and especially involving allotted lands with fractionated landowners due to inheritance.

Department of Agriculture

The Tribes have gradually developed its knowledge and become more sophisticated in its agriculture activities. The Tribes, like any other farmer in the United States, are attempting to participate in and comply with the agriculture laws and the regulations implemented by the Department of Agriculture (USDA) for farming and livestock program. As the Tribes have undertaken to learn about and participate in the various programs, they have found most of the programs are not administered in a manner which acknowledges the unique status of the tribes. Because the federal laws and regulations which implement them in most cases were not promulgated with Indian tribes and reservation lands in mind, when tribes elect to participate in the programs it leaves USDA trying to fit a square peg into a round hole. With continued growth by cities and urbanization, the reservations are the future agriculture areas of the southwest, which necessitates that the Indian communities and its farmers and ranchers have a better working relationship with the Department of Agriculture. This improvement can begin with possible joint Indian agriculture oversight hearings with the Committee on Agriculture, Nutrition and Forestry.

Conclusion

Indian Agriculture is the lifeblood within the tribes represented by the Southwest Indian Agricultural Association. At this time I would like to formally request

that the attached additional written testimony from the Colorado River Indian Tribes, Gila River Farms, Gila River Land and Water Users Association, and personal testimony from Mrs. Ramona Button be included for the record of these hearings. Representatives of members of the Association are present today to respond to any questions from the Committee.

I am sure that by the end of these hearings the Committee will agree that Indian Agriculture is complex, yet recognize that it is also one of the only renewable resources in our country. On behalf of the Southwest Indian Agricultural Association, we recommend that the following action be considered by the Committee:

1. Proceed with the Irrigation Oversight Hearings at your earliest convenience.

2. Proceed with joint Agriculture Oversight Hearings with the Committee on Agriculture, Nutrition and Forestry.

3. Hold field hearings in different regions of the country to obtain information on the Indian agriculture affected by local agriculture conditions.

4. Recommend that the Indian tribes be consulted for future USDA programs that affect Indian agriculture and that the Tribes be allowed to provide input to future Farm Bills.

Thank you once again for the opportunity to present our views on Indian agriculture and the Tribes stand ready to assist the Committee and its staff in addressing any future issues concerning Indian Agriculture.

TESTIMONY

OF PAUL IRON CLOUD, CHAIRMAN

OGLALA SIOUX TRIBE

BEFORE THE

SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

OVERSIGHT HEARING ON INDIAN AGRICULTURE

NOVEMBER 2, 1989

INTRODUCTION

Mr. Chairman and members of the Committee, I would like to commend the Senate Select Committee for holding this oversight hearing on Indian agriculture, which is a priority concern to Oglala Sioux, as well as the majority of Northern Great Plains Tribes. Because agriculture is a such a critical element of our reservation economy and lifestyle, I am very pleased to have the opportunity to testify on this important area of concern.

Because the number of witnesses for this hearing was limited, the testimony I am presenting today summarizes the concerns of my own Tribe, the Oglala Sioux as well as four other Tribes -- Cheyenne River Sioux, Crow Creek Sioux, Fort Belknap and Northern Cheyenne. These Tribes are all representative of the Northern Great Plains region reservations which are comprised principally of rangeland suitable for cattle ranching and related agricultural production. Therefore, our primary interest in agriculture is the livestock industry, specifically cattle ranching, as this has traditionally been the basis of our economy. We are working together to develop tribal cattle projects for economic development on our reservations and this testimony highlights the problems we have encountered in trying to develop this project.

As the Committee is aware, there are many complex issues associated with Indian agriculture. However, the three major issues highlighted herein include:

(1) the need for long term and cost effective credit for Indian agriculture businesses;

(2) the need to address land status problems; and

(3) the need to develop and improve programs to support and assist Indian agricultural enterprises.

In our view, these areas will require the development of authorizing legislation, new polices and appropriations to effectively address the unique needs of the Indian agricultural sector. Many of the problems which will be brought to the attention of the Committee during this hearing have been previously raised. In the past few years we have seen some legislation which supports Indian agriculture, specifically the emergency hay appropriation provided in 1986; provisions in the Farm Credit Act of 1988 which allowed the tribes to exercise a first option to repurchase Indians lands foreclosed by FmHA; and the recently enacted provision in the Disaster Assistance Act of 1989, P.L. 101-82 which authorizes FmHA to write down Indian Land Acquisition loans. Unfortunately, there has been no substantive agricultural legislation or appropriations directed at the Bureau of Indian Affairs which plays the critical role in Indian agriculture. Thus, I urge the Committee to continue its efforts, in close consultation with the Tribes, to identify policies and programs within the BIA, and, where appropriate, within USDA which will meet the needs of the Tribes and individual Indian farmers and ranchers for agricultural enterprises.

The combined trust land acreage on these reservations is over 4.2 million acres of range and related farm land. The reservations are extremely rurally isolated and experience chronically high levels of unemployment and federal dependency. The two major resources that these Tribes have available for economic development are the grasslands and the human resource. The range lands on these reservations are a

combination of tribal and allotted trust lands which are leased to individual ranchers and farmers for cattle grazing which has traditionally formed the basis of our economies.

In the past decade, all of these reservations have been hard hit by the decline in the agricultural industry and Indian operators have been particularly devastated -- and over fifty percent (50%) of the individual livestock operators on our five reservations have been forced out of business in the past five years. This has had a ripple effect on the overall reservation economies, because increasingly trust land is not being leased for cattle operations and is lying idle. This creates a loss of income to tribal government and to allotees. As a result, the tribal governments are increasingly becoming hard pressed to provide programs and services. Even worse, this idle acreage has caused many allottee to consider selling allotments which do not produce income.

While some of the trust lands are being utilized by non-Indians who enter into "pasturing out" agreements with Indian operators who "run" non-Indian cattle on their grazing lands, this is not a reliable source of income. Neither does this type of arrangement provide an adequate income to allow Indian operators to re-establish their own herds. Ultimately, we are facing a situation where our resource is not being utilized for the benefit of Indian people.

Mr. Chairman, agriculture through ranching and related farming is the only viable use of our land. The bottom line with all the Indian agricultural issues relates to the Indian land base. Simply put, without a viable Indian agricultural sector to utilize the land base on the Northern Great Plains reservations, we will eventually lose our reservation land base and way of life. The goal of the five Tribal governments is to

promote the use of the Indian land resource by Indian people for agricultural pursuits to encourage self sufficiency. This is becoming increasingly difficult under present economic constraints and the lack of viable credit and financing programs necessary to support ranching and farming. If we cannot provide mechanisms to enable our tribal members to use the land in ways which are compatible with our culture and lifestyles, we are on the slow road to losing our reservation land base.

Therefore, we must urge Congress to keep the overall policy considerations in mind as you consider the need for Indian agricultural development. We encourage the Committee to keep foremost in mind the goal of providing support for sound agricultural projects which employ the use of Indian lands by Indian people as a means of retaining our reservation land base and culture while making it possible for more Indian families to become self supporting. Any agriculture project developed on reservations must of course be based on sound economics, but given the implications on our reservations from a general failure in the agricultural sector, the Indian community (Tribes and individual entrepreneurs) must have some special consideration in terms of credit and finance and other support which only the Federal government can provide.

The remainder of my testimony discusses some of the specific problem areas facing these reservations in agriculture and recommends actions which Congress could take to provide some assistance to the Indian livestock industry.

A REVIEW OF THE FEDERAL COMMITMENT TO INDIAN AGRICULTURE

Traditionally, the federal government has encouraged the development of individually Indian owned farms and ranches on the Northern Great reservations to promote self sufficiency. A review of the treaties which established the five reservations demonstrates that agricultural pursuits were encouraged as a means of "culturizing and civilizing" our people by establishing Indian farms and ranches to stabilize the new Indian "Homelands" and to provide employment as sustenance to the Indian people. The provision of support for Indian agricultural enterprises was often the basis of negotiation for land cessation.

The 1868 Treaty with the Sioux, including the Oglagla and Minniconjou (Cheyenne River), for example, contained several specific inducements for tribal members to commence with agricultural pursuits. The Dawes Act which provided for breaking up reservations into individually owned allotments was also couched in the rationale that individually owned and operated farms and ranches was the key to self sufficiency for Indian people. The hall mark "Winters Doctrine" involving the Fort Belknap Tribe also established the fundamental principal that Indian reservations were established for agricultural purposes and that the Federal government reserved adequate water to develop irrigable acres on the reservations to support successful agriculture.

In order to support the development of the Indian cattle industry on the Great Plains Indian reservations, the Bureau of Indian Affairs implemented the Cattle Replacement Herd Program, 25 CFR section 442, as a means of providing individual Indian ranchers with cattle herds. Under this program individual Indian ranchers received allocations of cattle from the Bureau of Indian Affairs, which also provided a "boss farmer" who worked with the Indian operators to help them develop management skills.

The individual operators repaid the BIA on an "in-kind" basis from calves produced each year or from the cash sale of calves. The calves which the operators retained became the basis of their own herds. This program worked well and was the genesis of the Indian cattle industry on the Northern Great Plains reservations. Although this program is still on the books, it was terminated in 1950. Many of the "old timers" in the Indian cattle industry recall this program as one which worked effectively. The five Tribes which I am representing today believe that a similar approach to the Indian livestock industry, which could be financed by low cost loans and administered by the Tribes would be an effective way to re-establish and expand the contemporary reservation cattle industry.

I. LACK OF CREDIT FOR INDIVIDUAL INDIAN OPERATORS CONTRIBUTES TO A MAJOR DECLINE IN THE NUMBER OF RESERVATION BASED OPERATIONS

A. Problems with Farmer's Home Administration as a Creditor

Until the past few years the Farmer's Home Administration has served as one of the main sources of credit and financing assistance to Indian farmers and ranchers. As a lender of "last resort", FmHA has provided direct loans, loan guarantees and disaster loans for Indian ranchers and farmers unable to obtain credit elsewhere. Beginning the the early 1970's through the

mid- 1980's, FmHA became the major lender for many Indian farmers and ranchers. These FmHA loans were secured by trust and fee patents on reservation lands which were approved by the Bureau of Indian Affairs. In the mid-80's however, FmHA began requiring annual "cash flow" requirements for loans, as opposed to a collateral base which made it more difficult for Indian ranchers to qualify, particularly those operating on

leased lands.

In the mid-1980's FmHA began foreclosing large numbers of Indian (as well as non-Indian) operators which posed the threat of the loss of nearly 72,000 acres of mortgaged trust lands on the five reservations (GAO Report to Senate Select Committee of Indian Affairs). Fortunately, Congress provided a mechanism through the 1988 Farm Credit Amendments to authorize tribal governments to exercise a first option to repurchase Indian FmHA foreclosed lands.

Within the past couple of years, it has become more difficult for Indian operators to obtain FmHA financing for reservation based operations. While non-Indian delinquent FmHA borrowers may seek assistance from other sources, such as commercial lending institutions, few delinquent Indian borrowers have been able to obtain loans from commercial sources. Often there is a reluctance to loan money on Indian reservations because of jurisdictional issues which contribute to perceptions of problems in recovering loan funds or in gaining access to security in the event of default. Additional barriers to Indian credit applicants result from short duration, no-renewal clause land leases and permits, isolation of the land base and an inability of many individual Indian farmers and ranchers to demonstrate adequate cash flow projections for year to year operating loans at prevailing interest rates.

B. Problems with the BIA Credit Programs

The Bureau of Indian Affairs has three primary sources of credit and financing for Indian agriculture: the tribal/BIA revolving credit fund; the loan guarantee program; and economic grants. These programs are proven inadequate to meet the need which Indian

operators have for long term cost effective credit and financing. In addition, these programs are extremely limited in both scope and availability of funds.

The BIA revolving loan programs are inadequate for the volume of individual credit needs. Under the tribally administered Revolving Loan Program, the Tribes are paying widely variable interest rates and must reloan this money to individuals, sometimes at several points over the market rates. Many Indian operators are further hampered by the requirement of a 20% equity requirement for loans. This is particularly true of those operators who rely upon leased grazing lands and therefore have no land for collateral to secure operating loans. Another chronic problem lies with the approval process, often applications must be reviewed and approved by the agency, area and central offices of the BIA which is not practical.

Recommendation: There is an urgent need to secure long term low interest credit and financing for Indian agricultural enterprises. We urge the Committee to consider amending the Indian Financing Act to allow for lower than Treasury rate interest on direct loans for specific agricultural/livestock projects which demonstrate the potential to rebuild and expand the reservation based agricultural industry. As a second option, we encourage the Committee to provide authorization for the BIA to provide interest subsidies on loan guarantees between the lender's rate and a realistic lower interest rate for agricultural projects.

Although we recognize that the Office of Management and Budget will object to the provision of low interest loans or interest subsidies through the BIA, the federal government has provided lower than Treasury rate interest for other socially and

economically disadvantaged groups for other socially and economically disadvantaged groups. As a group, the Indian farmers and ranchers certainly qualify as being socially and economically disadvantaged.

Finally, in our opinion, the BIA has not considered agricultural projects a priority for loans, particularly for loan guarantees and economic development grants utilized for economic development. There is a need to refocus the BIA's view of economic development so that agricultural projects are fairly evaluated against manufacturing, industrial and other types of projects. The Great Plains Tribes have been very frustrated with the views of the BIA that economic development should be primarily industrial or of a service-industry nature. While we support this type of economic development where appropriate, it often does not make sense as the primary emphasis on the Plains reservations which are long distances from markets, lack transportation systems and other infrastructure necessary for light or heavy industry. In our efforts to pursue economic development, we must take into account our two greatest resources -- the agricultural land base and the desire of our people to be livestock operators.

We recommend that the Committee consider authorization for specific demonstration projects which demonstrate the potential to rebuild and expand individual and tribal livestock operations on the Northern Great Plains reservations. Often it is difficult to develop national programs which will meet the needs of the overall Indian agricultural industry, so we suggest that specific projects designed by the participating Tribes would be an effective way to proceed.

II. LAND STATUS PROBLEMS

As stated previously, there has been an alarming increase in the amount of idle land acreage on the Northern Great Plains Indian Reservations as a result of the decline in the number of Indian livestock operators. At Cheyenne River Sioux alone, for example, the tribe has surplus rangeland for 9,000 head of cattle. This creates a loss of income to Tribal Governments because tribal grazing revenues constitute the major source of tribal revenue.

It reduces the ability of the Tribes to provide programs and services to the membership and to function effectively.

The decline in the agriculture industry has also hurt the individual allottee who are experiencing a loss of income because of idle acreage. The allottee who lose grazing income because of idle acreage become more dependent on Federal and Tribal assistance. This is resulting in increased pressure to sell allotted lands, which the Tribes do not have the wherewithal to purchase. Our overall concern is that the allottee will begin selling their land to non-Indians, thus engendering a further erosion of the land base.

Recommendations:

1. The solution to this problem is to develop projects which will utilize the Indian land base resource to the fullest extent in order to promote the greatest return to the tribe and individual land owners. In view of the pervasive effects of grazing fees on the overall reservation economies, projects which incorporate increased land usage have an overall beneficial effect for the entire reservation.

2. As the Committee is aware, the 1988 Farm Credit Act contained a provision which authorized the Tribes to exercise the first option to purchase Indian land foreclosed by FmHA. Tribes appreciate the support which the Chairman and many members of the Committee lent to this legislation. The intent of this provision is to retain Indian lands in Indian ownership. We would like to call the attention of the Committee to a problem which the Cheyenne River Sioux Tribe has encountered with the USDA interpretation of this statute as it applies to a case situation on the reservation. The Cheyenne River Sioux Tribe is attempting to repurchase two parcels of nearly 8,000 acres of prime agricultural lands foreclosed by FmHA. The lands in question were foreclosed prior to actual passage of the Act, and the agency has ruled that lands are not therefore subject to the Statute. The Tribe does not agree and has initiated legal action against the Agency on the basis that the intent of the statute is being violated. We are hopeful that the Committee would support the Tribe's position on this issue.

3. The 1989 Emergency Disaster Act contains a provision which authorizes FmHA to write down Indian Land Acquisition Program (ITLAP) loans to present market values, extending this authorization which has been available to individual FmHA borrowers for the first time to the Tribes. This is a critical provision for Oglala Sioux and several other Plains Tribes. Unfortunately, we utilized the ITLAP program to purchase lands on the reservations when land prices were very high. Land prices in our area of the country have plummeted in the last decade, and under current market conditions the Tribes are unable to generate grazing and lease income to make the loan payments. The agency is currently in the process of developing regulations which gives rise to concern about delay of the application of this statute. We need relief immediately and we urge the Committee

to advocate that FmHA implement this provision as soon as possible.

III. LACK OF SUPPORT FOR AGRICULTURAL/RANGE DEVELOPMENT AND EXTENSION/TECHNICAL ASSISTANCE SERVICES FROM BIA AND USDA

A. Support for range development and improvement

One of the chronic problems with the BIA budget is a nearly total lack of funding for range development and improvement. The agriculture portion of the BIA budget, for example is only 2%. Yet, the Indian agricultural land base comprises nearly 80% of the trust lands. There is a critical need to provide funding for water development on Northern Great Plains reservations, range water development and irrigation to support hay production and crop lands. The Crow Creek Sioux Tribe, for example, has a tribal farm which generates income for the Tribe and has the potential to produce hay needed by other plains reservations for the cattle industry. This Tribe alone requires additional funding of two million to expand. Two years ago, Congress appropriated nearly one million for this Tribe and it's neighbor the Lower Brule. Crow Creek received only $200,000 which has severely hampered their agricultural production.

In the area of range development and improvement there is a need to appropriate funds to control noxious weeds, prairiedogs and other rodent manifestations. Many of the range units could be more productive and marketable with appropriate cross fencing, access development and other improvements.

B. Extension services and technical assistance for Indian agriculture

Agricultural extension services available through USDA to the non-Indian agricultural community are nearly non-existent on Indian reservations. Neither does the BIA have funding or resources to provide sorely needed technical and research assistance to individual Indian ranchers and farmers. One of the contributing factors to the decline in the Indian livestock industry has been the critical need for training and technical assistance to assist the individual operators and Tribes develop sound management (particularly recordkeeping) capabilities and to utilize state-of-the-art technologies for range development, improvement, hay production, marketing and so forth. In the contemporary cattle industry it is necessary to produce an 80% calf crop in order to run a viable operation. This requires extremely sound management capability which many Indian operators currently do not have. If the Indian livestock industry is to succeed, Indian operators must have access to the same level and types of support which the federal government provides to the non-Indian through USDA extension services.

C. BIA Method of establishing grazing fees for allotted lands

By federal regulation, the Bureau of Indian Affairs establishes grazing rates annually for allotted lands on the reservations, while the Tribes have the authority to establish rates for tribal trust lands. The BIA's method of establishing grazing rates for allotted lands has been a source of contention between the Tribes, individual cattle operators and the Bureau of Indian Affairs for many years. The process which the BIA utilizes is based upon comparable appraisals of reservation lands to off-reservation lands. The problem, from the Tribe's point of view, is that the BIA fails to take into account differences between off-reservation grazing lands and the reservation. For

example, many of the reservation allotments are characterized by inadequate water development and fencing, access problems due to road development, turn-out dates or jurisdictional issues which are not encountered on off-reservation properties. The BIA does not seem to incorporate these differences in the appraisal process which results in grazing fee increases which renders many allotments uncompetitive. In general, the Tribal governments have established grazing rates for tribal trust lands which are lower than the BIA rates in an effort to support the cattle and livestock operations run by tribal members. The Tribes have also by ordinance established a preference for tribal members.

As stated earlier, the majority of Indian farmers and ranchers depend upon leases of tribal and allotted lands for the basis of their operations so the grazing rate issue is of critical concern to the tribes and individual Indian operators. The rates for allotted lands grazing fees are consistently raised, often, in the opinion of the individual rancher and farmer, well beyond comparable reservation market rates. This year for example, on the Northern Cheyenne Indian reservation the BIA established rate for "per animal unit" (the monthly fee for a cow calf pair) went from $4.50 in 1989 to $7.50 in 1990. Some of the neighboring Bureau of Land Management Land is also leased for as little as $1.10 per acre to non-Indian ranchers who have options for BLM leases.

Another problem associated with the BIA administration of allotted grazing lands is that there is no procedure for rebate of grazing fees when disaster prevents the operator from utilizing the range resource. This year, for example, several operators on the Northern Cheyenne reservation in Montana leased and paid in advance for grazing allotments which were subsequently destroyed by fire early in the grazing season. Under

current BIA policy the operator has to absorb this as an "operating cost" because the BIA does not seem to have a mechanism to reimburse the lessors in these types of circumstances. Unfortunately, this could force a marginal operator out of business.

Recommendation: The BIA regulatory method for establishing grazing fees for allotted lands should be based on a appraisal of "comparable reservation" grazing lands and should incorporate a process for reimbursing operators when natural disasters prevent usage of the leased lands.

SUMMARY

In conclusion, we urge the Committee to continue an active dialogue with the Tribes to develop specific solutions which will improve support for Indian agriculture. The five Tribes that I am representing today offer our assistance and support to the Committee as you search for solutions and improvements to this critical aspect of Indian self-determination.

ALEX J. LUNDERMAN
President

VERNON "IKE" SCHMIDT
Vice-President

Rosebud Sioux Tribe
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The Honorable Daniel K. Inouye, Chairman
United States Senate
Select Committee on Indian Affairs
Washington, DC 20510-6450

RE: ROSEBUD SIOUX TRIBE TESTIMONY REGARDING TRUST LANDS

The Rosebud Sioux Reservation is located in southcentral South Dakota and encompasses approximately 951,385.30 acres of Trust land. The Rosebud Sioux Tribe currently owns approximately 1300.00 acres of land in fee with intentions to put the land back into Trust status. These lands are situated in a five (5) county area with the following breakdown:

COUNTY	TRIBAL OWNERSHIP	INDIVIDUAL OWNERSHIP
Todd	367,551.84	212,176.38
Mellette	142,337.64	136,330.53
Tripp	16,081.92	57,902.54
Lyman	50.00	2,289.20
Gregory	6,891.92	9,773.30

Fractionalization of lands continues to go unchecked on the Rosebud Reservation. The General Allotment Act of 1887 has insured a continual erosion of our land base. Currently, individual Rosebud Sioux Tribal members have approximately 3,500 applications to sell their inherited interests to the Tribe that are filed with the local Bureau of Indian Affairs. This involves approximately 900 tracts of land and equates to approximately $3,100,100.00 - which the Tribe does not have. The Indian Land Consolidation Act attempted to resolve the fractionalization issue with little success. The answer to this problem is for the Tribe and individual Indians to purchase these lands; thereby, holding together an identifiable Reservation land base.

To accomplish individual purchasing of fractional interests, it will be necessary for the Bureau of Indian Affairs to relax the regulations set forth in Title 25, Code of Federal Regulations, Parts 151.7 and 152.25. These Regulations require lengthy, burdensome procedures which discourage land purchasing by Tribal Members. To require a

waiver from the Secretary of the Interior to gift convey one's property is restrictive and dehumanizing. Individual land owners should be encouraged to handle their own lands without Big Brother B.I.A.'s antiquated regulations.

The Rosebud Sioux Tribe recently purchased 1,200 acres of fee lands which were once Rosebud Sioux Allotments with the intention of returning these lands to Trust status. The regulations which surround a fee/deeded to Trust transaction are so cumbersome that it takes approximately 3½ years to return an 80 acre tract to Trust status. Conversely, it takes approximately two (2) months to take land from Trust to fee/deeded status. The regulations are designed to insure that Reservation land bases are eventually eroded to non-existence. To this, it should be noted that the Rosebud Reservation was comprised of 3,500,000 acres in 1889. Today, due to acts of Congress, outright theft, illegal taxation and other means this Reservation has been reduced to 951,385 acres. In a matter of 100 years, the Rosebud Sioux have lost 2,548,614 acres for an average of 25,486 acres per year since 1889. Today the erosion rate is approximately 1,500 acres per year. Given that figure continues, it would take 634 years to reduce our Reservation to nothing. The last 100 years are testimony to the "lack of" rather than the "administering of" the Government's Trust Responsibilities to the original inhabitants of this country. The Bureau of Indian Affairs, charged with administering this Trust has lost sight of their goal in the maze of bureaucracy. Today the agency levels of the Bureau of Indian Affairs are left without the dollars or the manpower to properly administer the Trust. The Area Offices and Central Office continue to grow at the expense of the individual Reservation Indian. When ten cents of every dollar is reaching the agency level, there is a real need for a re-evaluation of the system.

The Rosebud Sioux Tribe, in an effort to preserve their land base, established the Tribal Land Enterprise Program in 1943. This unique program manages approximately 90% of all Tribally owned lands and is actively involved in purchasing fractional interests. The program purchases approximately $140,000.00 worth of fractional interests each year. While this is a solution to the fractionalization problem, the program lacks the funding required to insure that each individual Indian can sell his small interests, prior to death, to the Tribe. The Tribe has borrowed $9,000,000.00 in the past to purchase those interests that were for sale and currently owes aproximately $7,000,000 on the loan. If the money was available, this problem could be addressed and resolved, resulting in a tremendous savings to the Government. The current dollars appropriated and spent to manage Trust lands is not adequate and will continue to in this vein without addressing this issue.

The Rosebud Sioux Tribe would suggest that a task force of non-government individuals be assigned to develop a plan of action that would address the fractionalization problem and revise the regulations that inhibit the sales of the fractionated interests. The revision of the regulations and the introduction of bills to Congress is sorely needed and can best be provided by those that are directly affected.

Taxation of Indian owned fee lands within our Reservation boundaries is a problem that threatens Indian lands and homes. It is our contention that these lands are not taxable by the county or the state and we would seek your assistance in the passage of a bill which addresses this and supports our position.

The need to preserve and protect a unique, identifiable people, their culture, traditions and religion is very real. To insure the continued existance of the American Indian, it is necessary for Congress to appropriate the monies required to insure that the Government's Trust responsibilities are met by the Bureau of Indian Affairs. The money, while a major factor, can be better utilized by the revision of the regulations that surround Trust lands. Most of the regulations are so antiquated that it is near impossible to expect proper administering.

Again, we would request that a special task force be assigned to address the problems of fractionalization and revision of the regulations surrounding Trust lands. Let this task force be comprised of individual Indians from Reservations.

Thank you for the opportunity to present this Testimony.

Calvin E. Waln

Calvin E. Waln
Inter-Tribal Agricultural Council

The Honorable Chairman Daniel Inouye
Senate Select Committee on Indian Affairs
Washington, D.C.

First I would like to thank this Committee for the opportunity to share information, concerns and provide some insight into the farming and ranch dilemmas confronting the Indian Operators on Indian Reservations such as myself.

I first became a client of Farmers Home Administration in 1980 and originally operated about 300 head of cattle. On the advice of FHA, I was told to sell my cattle because the wheat I was growing had to support the cattle. During 1980, I was growing about 500 acres of winter wheat. FHA told me if I sold my cows, they would buy or loan me more money to buy a tractor and more land. About this time the President signed or had a wheat embargo which severely dropped the prices of wheat. Shortly after this, the FHA quit giving me operating expenses because of the prices and the chances did not look good for me to make my payments on the loan.

During the years of 1981 and 1982, the loan I received started to become delinquent, the drought hit, and grasshoppers became such that and this severely damaged the crop that I had planted. I had Federal Crop Insurance but this did not meet the obligations that I had to FHA. At this time, I continued farming but the struggle was to try to make payments without any operating expense loans.

During 1983, 1984 and 1985, I continued farming and then in 1986 my troubles worsed because of the drought and FHA said they would foreclose on me. This process continued on until 1988 and then in 1989, I filed for Chapter 12, Bankrupcy. In 1988, I lost some farming leases because I was delinquent in lease payments.

I farm on the Fort Belknap Indian Reservation in north central Montana. The land that I farm on is partially owned by the Fort Belknap Indian Community and I leased and owned about 8,320 acres with 4,000 crop acres. Of the 4,000 acres, I seeded 2,000 acres and summer fallowed the other 2,000 acres for primarily dryland farming. My crops are winter and spring wheat. My primary source of financing was Farmers Home Administration. My payments are due in December of each year and I sell my wheat July, September and December in order to make my payments.

Respectfully Submitted by Lyman M. Young_____

TESTIMONY FOR THE UNITED STATES SENATE
SELECT COMMITTEE ON INDIAN AFFAIRS

By

Dr. Howard E. Jones, Extension Specialist
Community Leadership & Resource Development
Cooperative Extension
The University of Arizona
Tucson, Arizona

Mr. Chairman, members of the Senate Select Committee on Indian Affairs, I am Howard Jones, Extension Specialist, Community Leadership and Resource Development with Cooperative Extension at The University of Arizona. My responsibility in this position is liaison with Arizona's twenty (20) Indian Reservations and the coordination of programs and activities for The University of Arizona College of Agriculture and Cooperative Extension on Indian Reservations. I not only speak today for Cooperative Extension at The University of Arizona but also for my colleagues in Cooperative Extension across the nation who work with Native Americans on Reservations.

As a Land-Grant Institution, The University of Arizona through Cooperative Extension has a responsibility and commitment to deliver educational programs to Arizona's Native Americans who live on the twenty Reservations. This responsibility has been handled many ways over the years. Going back to the 50's and 60's, Arizona's Cooperative Extension worked closely with the Bureau of Indian Affairs (BIA) Extension personnel. These BIA Extension employees were included in Arizona Cooperative Extension staff training programs and other activities. The

Bureau's Extension component called upon Arizona Cooperative Extension as a resource backup in their Extension programming on the Reservations.

In 1968, Arizona Cooperative Extension entered into contractual agreements with the Phoenix and Navajo Area BIA offices and received funding to carry out Extension education programs on Arizona Reservations. Personnel were hired by The University of Arizona Cooperative Extension with the BIA funding and placed on many of the Reservations to carry out Agriculture, Home Economics, 4-H Youth, and Community Development education programs. On how this worked, a lot depended on the continuity of personnel. Unfortunately, the way the contracts were handled did not lead to a great degree of personnel continuity. In many cases this lack of personnel continuity was a factor in limiting Extension programming success on the Indian Reservations. In 1981, all contracts were withdrawn from Arizona Cooperative Extension by BIA as they indicated the tribes did not list Extension as high priority.

In the year 81-82 there was not much done as far as Extension programming went for Indian Reservations in Arizona except in a few isolated cases. Then the Director of Extension for Arizona indicated that the Indian Reservations and Native Americans in Arizona were to be served as any other part of the population of Arizona. This meant covering an additional 38,233 square miles (about 26% or 27% of the State of Arizona land mass)

and trying to reach an additional 250,000 people with Extension education programs, without any additional resources of personnel and funding. Most of Arizona Extension faculty took this on as a challenge, which led us to where we are today with some Extension educational programming on most Arizona Indian Reservations. Where there is programming today, it is of higher quality than when there were the contracts, but of course there is not the quantity. As of the past couple of years, a few of the tribes have felt the need for Extension education on their reservations and have helped defray some costs for Extension programming.

The tribes in Arizona as well as across the nation, through a number of sources, but particularly the Inter-Tribal Agriculture Council and the Southwest Indian Agriculture Association, are indicating a strong need for Extension education programs on the Reservations, particularly in the areas of agriculture production, management, & marketing and 4-H youth. Also, others are indicating needs in the areas of home economics educational programs of nutrition, health, & money management and programs from the Extension community development component in economic development & leadership development.

All Reservations I have visited have indicated a strong need for a 4-H youth program that would give their youth positive experiences and help them have strong feelings for their heritage.

As of July 1, 1988, the Dean of The University of Arizona College of Agriculture and the Director of Cooperative Extension assigned one full-time Extension position at the State level to represent the College of Agriculture and Extension in working liaison with Arizona's Indian Tribes. The College wants to let the tribes know what is available to them as well as pointing out needs on Indian Reservations for Extension work to College and Extension personnel. This is the position I occupy. A part of this position responsibility has been to work in an advisory capacity to the Southwest Indian Agriculture Association. This organization is giving visibility to Indian agriculture in Arizona and the Southwest region. The Southwest Indian Agriculture Association is now beginning to identify agriculture needs where Extension can be of real service with educational programs. During the past couple of years, Dr. Henry Koffler, President of The University of Arizona has made developing programs with Native Americans top priority for the total University.

With this historical background there are problems to overcome. They are as follows:

1) Indian communities and Reservations in many cases are remote and great distances from Extension offices where there is a small staff and a shortage of travel and operation funds.
2) As Native Americans become more aware and familiar with what Cooperative Extension has to offer, they begin to

express their needs, which many times vary from what off-reservation needs are due to cultural, language, or economic conditions. In particular, there is a strong demand in Arizona for Extension Agricultural and 4-H Youth programs. The demand for Home Economics educational programs in nutrition, health, and money management is growing, as well as requests for Leadership Development programs. This is a nice problem but a way must be found to meet these expanding needs and demands.

3) Extension faculty must become more aware of cultural and language differences, learn patience, and the great importance of the trust/credibility factor. This is extremely difficult for a faculty/staff where there is already a 100% demand for their time and effort.

4) On many Reservations volunteerism is not as prevalent as Extension professionals are used to in working with in off-reservation situations, particularly in working with the 4-H Youth program.

POSSIBLE SOLUTIONS:

1. Extension has to have additional resources, financial and personnel, to be able to broaden Extension programs to where they are at least adequate on Indian Reservations. For instance it is estimated that it would take somewhere around an additional $700,000 to $800,000 to bring the program in Arizona to an adequate

level of Extension programming and between $4 to $5 million on the national level.

2. Funding needs to be sustainable. One shot funding only compounds the problems of carrying out Extension programs on Indian Reservations. Sustainable funding would allow a sustainable personnel situation, which in turn would allow for continuity and prolonged programming.
3. Funding from the national level in some way or another needs to come through the U. S. Department of Agriculture, Extension Service to the Land-Grant Institutions in states where there is a need of Indian Extension education programs. Tribal leaders should have co-responsibility in oversight of these funds.

4. The Indian Extension programs should be programmed in cooperation with the County Extension program where they are geographically located. Partnership and integration of program should take into consideration sovereignty and other differences in needs.
5. Develop innovative programming where the Native Americans are involved and have a strong voice in what their needs are and Extension then develops, with their help, programs to meet those identified needs.

There is the realization that the proposed solutions are predicated on increased resources. It must be realized Extension is grass-roots reaching out where the people are to meet their needs. To do this, there must be adequately well trained people, both Native American and non-Native American with adequate resources to get the job done. Cooperative Extension can make a difference in the "quality of life" on Arizona's and the Nation's Indian Reservations.

I sincerely thank the Chairman and members of this committee for giving me this opportunity to testify.

PREPARED STATEMENT
FOR
SENATE SELECT COMMITTEE FOR INDIAN AFFAIRS

ASSEMBLED FOR AN
OVERSIGHT HEARING
ON
ARGICULTURE
ON
INDIAN LANDS

PREPARED BY:
James A. Humes
Chickasaw Nation
Alternate Member
Executive Board
Intertribal Agriculture Council

In greek mythology the hero, Hercules, defeated the Libyan giant, Antaeus, by lifting him from contact with his mother, the earth goddess Gaea, from whence came his strength. In federal policies connected with the westward expansion and occupation of the United States, this aspect of western mythology was perpetuated in dealing with the Native American. By either removing or condensing the Indian contact with mother earth, their strength as a culture and as a people was removed. Modern federal policies are no different in either the method or in the outcome of their policies to alienate Indian people from the source of their strength, the land.

It is counter productive to continue any debate over past policies and their results. In any final analysis of the issues, only future actions are important to the strength which can be derived from a return of the Native Americans to that source, mother earth. It can be argued that, by returning strength to any segment of the diverse population groups of the United States, the entire group will also be strengthened. The statement that a chain is only as strong as the weakest link is true. There is no other group in our land who has the worst statistics in any area which can be named as our Indian people. In improving those statistics by the judicious use of enlightened federal policies, all of the population can gain.

In expanding this argument and the proposal for improvements which can be achieved, several points must be considered. The first point is that, as a group, the Native Americans have more

of a legal framework in which to effect meaningful change than any other group. The second point is that, despite all of the attempts at acculturization and of assimilation into the dominant society, the Indian people have persisted and persevered in retaining their unique identity. The third point is that, because of their relatively small population and geographic locations, any intervention and action on the part of the federal government can be observed and success determined rapidly. In summary, the federal government can take actions to improve the lot of one population segment and use their success as a springboard to improving the lot of the much larger population segments at risk such as rural populations.

To expand the first point, the government to government relationship and trust responsibilities between the United States and tribal governments are well defined. They represent an unbroken path for interaction, communication and cooperation which does not exist between any other group. This network can be successfully used to solve problems on both sides.

The second point is that, despite adversity, the Indian people have continued to retain their identity as a group. Unlike the waves of immigrants who continue to be absorbed into the melting pot of the United States, the Indian people have succeeded in remaining a group who have common interests and concerns. This means that, with a good government to government relationship established, more can be done in a shorter period of time.

The third point is that because of the opportunity to work with a relatively small group and due to being able to see results and modify in a rapid manner, problem solving can be attained very quickly. Since the resolving of these problems have such a broad application, the federal government can obtain solutions which are good for all other groups.

While the Indian people are affiliated with numerous tribal governments, the plight of Indian citizens have been rather well documented. In most of the statistics which have been generated, however, they have been interpreted in a negative manner. The opportunity to convert these statistics into positive ones has not been realized. As a labor force, for example, they have only one direction to go and that is to become employed in a meaningful way. They do not have to be re-trained or to be displaced from one labor surplus area to another. All of Indian country is under-utilized and under-employed. It represents a blank slate upon which success can be written. Indeed, there are studies which show that being bi-lingual increases one's ability to be creative and to think in a positive manner. By providing a full use of the land and the employment it can create, the other statistics can be improved to the credit and benefit of all.

The acceptance by communities across the United States can be achieved by an improved Indian population. The general economy in rural America is so pervasively bad that any improvement would be welcomed. New agricultural products and improvement in animal husbandry can be easily transferred to

other groups. Expansion of rural industries can help the general trade problems of the United States. A resurgence in the cooperation of all populations groups and the federal government can be improved when success happens.

The Intertribal Agricultural Council has two major goals to present to resolve problems. The first is to develop renewable natural resources in Indian country. A framework between the Bureau of Indian Affairs (BIA) and other government agencies such as the Department of Agriculture (USDA) exist and can be expanded. The second is to emphasize and promote the role of the tribal governments in planning for these goals and in realizing accomplishments. There is more and more evidence being developed to show that this is a viable method to use in making progress. There are more tribal governments which are taking active and positive roles in the setting of goals to become self-determined and self-sufficient.

In other prepared statements presented at this oversight hearing, statistics will be provided. Statistics, however, do not solve problems but only define the magnitude of a condition. The important thing to remember is the effect on people who are represented by those statistics. We are not talking about just the Indian people as citizens with problems, we are talking about the need for improvements for all rural populations. It should be apparent that, by solving a problem for one segment of that population, the problems for many others will be solved as well. There are leaders in the Indian nations who can make things

happen in a positive manner. It would be a shame to waste this opportunity.

In conclusion, this committee has the power to make positive changes and improvements happen. Great success and enormous benefits can be achieved by setting a new era of cooperation and progress.

AK-CHIN INDIAN COMMUNITY

Route 2, Box 27 - Maricopa, Arizona 85239 - Phone 568-2227

TESTIMONY OF THE AK-CHIN INDIAN COMMUNITY
BEFORE THE
SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

AGRICULTURE OVERSIGHT HEARINGS
NOVEMBER 2, 1989

Mr. Chairman, I am Leona M. Kakar of the Ak-Chin Indian Community. I serve as the Executive Director for the Community and Chairman for the Ak-Chin Farm Board. I appreciate the opportunity to present our concerns to the Senate Select Committee on Indian Affairs.

Indian agriculture on the Ak-Chin reservation as well as across the United States in Indian country has come a long way in the past twenty five years. Our people have been dependent on agricultural since time immemorial and from our modest beginning we have become a viable and competitive presence in the national marketplace. Indian agricultural enterprises, both tribal and individual, are becoming the base for economic growth on our reservation and others throughout the farm belt.

The growth of Indian agriculture is occurring during a time of uncertainty. Rising costs, declining or unstable commodity prices and limited resources all add to the challenge facing Indian agriculture today. Yet many tribes are succeeding through careful management of their vital basic resources - land, water and people.

The Ak-Chin Indian Community is no different. We have met and conquered many challenges in our quest for self-sufficiency. The struggle has been long and difficult and not yet over.

The 21,840 acre reservation which is home to approximately 500 Tohono O'Odham and Pima Indians is located forty miles south of Phoenix, Arizona near the town of Maricopa. Resources on the reservation are limited and life has been harsh.

In 1961 we began our quest for self-sufficiency with the establishment of a tribal farm. Over the objections of the Bureau of Indian Affairs (BIA) we began farming land as leases previously held by non-Indians expired. If we had listened to the BIA, we would still be nothing. At that same time the Ak-Chin Articles of Association were developed, a tribal council was formed and a chairman elected. With these two actions, the Ak-Chin Indian Community began a new era.

The Ak-Chin farm enterprise gradually expanded and showed a profit in 1964. Groundwater pumping on lands surrounding the reservation began to take its toll, however, and on-reservation farming dwindled from its peak of 11,000 acres to 4,000. Not only did we loose production revenues, but the base allotments for crops in the farm program were decreased and in some areas lost until these lands could be rehabilitated and brought back into production.

Lawsuits filed to protect the Community from the loss of its water rights resulted in the enactment of Public Law 95-328, the Ak-Chin Water Settlement Act, on July 27, 1978. Public Law 98-530, enacted in 1984, guaranteed the Community a firm supply of water with which to fully utilize its land base.

The Ak-Chin Water Supply Project, built as a result of Public Law 95-328, provided the delivery and distribution facilities which enable the Community to put the water to beneficial use. Almost 15,000 acres of the reservation have been developed using state of the art concepts. We have essentially completed the development with a combination of surface and sprinkler irrigation systems.

Our cropping program is diversified and market sensitive. In addition to the traditional crops of cotton, alfalfa and small grains, we are growing many types of vegetables, fruits and nuts. Most recent audited farm revenues were in excess of $5,900,000. The Ak-Chin Farms Board recognizes the need to be flexible to adapt to constantly changing market conditions. We are taking advantage of our excellent climate to gain the maximum benefit from our land and water resources.

We have initiated a soil reclamation program to ensure the long term profitable production of the crops we grow. Our program includes the judicious use of soil amendments to counteract the salts which occur naturally in our soils and a crop rotation pattern designed to improve and maintain good soil condition.

The benefits arising from our efforts are many. During the construction of the project many Community members were trained as equipment operators enabling them to find employment in careers other than agriculture if they desire. Money paid to Community members who worked on the project has circulated through the Community to the benefit of everyone.

Profits from the farming operation are divided with the Community. These funds have been, and are being used for housing, sanitation service, police and fire protection, a day care center and head start program and for senior citizen programs. We have improved the overall quality of life on the

reservation without having to rely on future government funds. We have done so by the wise use of renewable natural resources for the reservation's most valuable resources - its people.

What has happened at Ak-Chin is a story of success. One that can be repeated on other reservations now experiencing the same problems with their physical resources that we experienced with ours. Land cannot be irrigated with paper water. The land resource cannot be put to full use without an adequate water supply. With an adequate water supply, Indian agriculture can flourish and bring stability to the reservation and its people. It is these people that understand the importance of the land and will not only utilize the land to its maximum benefit, but will also protect its resource for future generations.

I am pleased that you and your committee have shown special recognition of Indian agriculture and its problems. We trust that the United States will recognize Indian agriculture for its accomplishments as well as its potential. All we ask is that we be given the opportunity to develop and manage our resources to compete in the market place with all agricultural producers Indian and non-Indian. In so doing, the success of Ak-Chin can become the rule rather than the exception.

As the Committee evaluates the testimony provided today, I am sure that you will understand the magnitude and complexity of Indian agriculture. Because of these factors we strongly recommend that you proceed with the Irrigation Oversight Hearings at your earliest convenience, and request that a joint hearing of the Senate Select Committee on Indian Affairs and the Senate Agricultural Committee be held along with further testimony to be provided by Tribes in possible regional hearings.

TESTIMONY OF GERRY EMM

Agriculture credit needs in Indian Country are the same as those experienced in the private sector. Indian operators, both tribes and individuals, are competing in the same marketplace as the non-Indian farmer and rancher, but face additional obstacles in the such as being unable to use land as collateral for loans. Many of the non-Indian operations are large corporations and have increased the size of their land base such that they have become more efficient in their use of personnel, equipment, and financial resources. Many of these agriculture operations have vertically integrated to take even further advantage of the markets they are competing in. By controlling their products from the production to wholesale or retail sales, they have increased the opportunity for profit and have gained more control of their costs and needs for financing. The Indian operator, on the other hand, is usually located in production areas that are controlled by small allotments or tribal lands that are either assigned or leased. The size of these operations and the use of sometimes outdated marketing concepts have made the Indian operator compete at a disadvantage in the current agriculture scene. The scale of these operations have made the need for credit even greater than that of the large agriculture corporations since the economy of scale and the efficiency that accompanies it are not available to the Indian producer.

The credit needs can be categorized into three areas. Long term debt is used to finance land purchases, building purchases, and sometimes building or land improvements (irrigation projects, etc). These have been financed usually by Farmers Home

Administration direct loans, Federal Land Bank loans, and Bureau of Indian Affairs loans. Other lending agencies that have become involved in the long term credit game has included private banks, insurance companies, and private lending sources. The length of these loans usually range from twenty to thirty years and usually are paid on an annual basis.

Intermediate term debt is used to finance equipment purchases, breeding stock, land improvements (small irrigation structures, land leveling, drainage improvements, livestock facilities, hay or grain storage), and other improvements that can generate a greater return on investment over a period of three to seven years. Sources of credit include local bands, Farm Credit System, Farmers Home Administration, and the Bureau of Indian Affairs. These loans, as are most agriculture loans, are paid on an annual basis and usually do not run for more than seven years.

Short term debt is used to finance immediate credit needs that exist on an annual or seasonal basis. This will include the annual operating loans that provide the needed capital to purchase seed, fertilizer, feeder cattle, feedstuffs, fuel, and the myriad of other items and products that are used to produce a crop (plant or animal) or provide the resources to operate an agribusiness venture. Sources of credit include local banks, Farm Credit System, Farmers Home Administration, and Bureau of Indian Affairs. These loans are paid annually and are not usually amortized more than one year.

The annual operating loan is one of the key elements in the agriculture industry since it is the nature of the business that the seeds must be planted or the livestock must be carried to the following season before a crop can be harvested and marketed. If there is not a timely source of credit the operator must have adequate resources to provide all of the inputs himself and sustain the operation until he has a crop to sell. Without adequate resources the operator will not be able to maximize the yields and make enough profit to continue in the agriculture endeavor.

Unless the credit is made available in a timely manner the agriculture producer will not be able to get his crops planted or livestock purchased to create a viable operation and therefor generate a profit.

Sources of credit to Indian producers, tribal and individual, has been traditionally provided by Bureau of Indian Affairs, Farmers Home Administration, Farm Credit System, and in some instances by local banks. Due to the trust status of Indian lands there has been a reluctance by non-Federal lending sources to shy away from making long term loans that use land or permanent fixtures for collateral. This has left the source of financing in the hands of two agencies, Bureau of Indian Affairs and Farmers Home Administration.

Indian agriculture has been facing the same problems and challenges that have affected agriculture throughout the United States. Decreasing land values, high cost of inputs, and low

prices have caused the margins to decrease to levels that will not generate a profit. If a profit cannot be made the lending agencies that are carrying the debt begin to call in their notes. If trust lands have been mortgaged then the lands that have been foreclosed upon will be taken out of trust and sold. In some instances the values that have been assigned to these lands, sold in a distress situation, have been applied to adjacent lands and operators that have profitable operations have been unjustly denied credit since their land values have been reassessed. The end result of these decisions has been to drive Indian operators out of the agriculture business and decrease the land held in trust on the reservations.

The Indian Finance Act of 1974 began to address some of the problems encountered by Indian operators in the form of grants, loan guarantees, interest subsidies, and direct loans. The amendments, Public Law 98-449, increased the authorization level of the BIA in regard to available capital to Indian business, but there has not been additional appropriations to implement these amendments.

These sources of capital for Indian agriculture producers has helped to increase both the size and quality of operations that previously were unable to secure any credit. But, there is still an additional need for agriculture credit on reservations. Some of the problems are identical to those faced by the non-Indian operator such as land values and low market values of commodities grown.

The Farm Credit Bill that was utilized to buy down or restructure loans that were financed by the Farmers Home Administration, has not been utilized by the Indian operators. This is partially due to the absence of qualified personnel in the BIA to help the producers understand the procedures necessary to complete the transaction. If the loan funds that are available to the BIA were to be used in this manner they would be able to keep trust lands from being sold to non-Indians and thereby decreasing the amount of reservation agricultural lands being removed from trust status.

Non-Indian operators have used the buy down and restructuring process to make their operations viable and help keep the small operators in business at a profitable level.

During the past fifteen years the BIA has decreased the funds that are available to the credit programs. The result has been an inadequate number of qualified credit officers at both the agency and area levels. Just this year the funds have been delegated from the central office of BIA to the area offices. This will allow the central office to assume a role of policy making and allow the area office, which is closer to the operator, to theoretically move faster on credit applications that come to them. We would like to see the agency levels delegated these authorities along with competent personnel to evaluate, award, and monitor credit funds.

The loan guarantee ceilings need to be funded at the levels required to provide credit to Indian country. The interest

subsidies need to be funded at a level that will sustain the operations of many operators and not be used up on one large tribal project. This interest subsidy makes the loans very attractive to the banks and will provide the necessary margins required by agriculture ventures to succeed.

The business development grants (75/25) provide the necessary capital to help fund many operations due to many banks and other lending agencies being unwilling to take trust land as collateral. This program is limited to the amount that can be accessed by tribes ($250,000) and individuals ($100,000), but is utilized so much that the funds are usually depleted by the middle of the fiscal year. We would like to see the total appropriation increased and a percentage set aside for agriculture.

The largest problem that exists for the Indian operators is the lack of competent credit personnel within the BIA. This is most apparent at the agency and area levels. Without having a person who understands credit and is willing to help the operators and the lending agencies understand the programs that are available from the BIA and other agencies, both governmental and private, there will never be a successful lending program available to Indian farmers and ranchers.

The credit personnel should have the expertise to evaluate and fund the viable loan packages that come to them. They should be able to understand the lending procedures that are being required by lending institutions and be able to help the

applicant put together a viable project. They should also monitor and help these projects with marketing and operating problems, either from their own expertise or that provided by consultants, universities, or other state agencies.

Most of all the BIA needs to work with Indian producers to establish a large enough program that will be able to service the credit applications in a timely manner. Agriculture is a seasonal operation and many times these projects have a short time frame to be successful. This is due not only to the market but also takes into consideration the weather and government programs making agricultural products available to other countries.

The Indian farmer and ranchers do not want a welfare program that would maintain their operations. they want an equal opportunity to produce along with the non-Indian community and be able to access that same level of credit that is available to the private sector. Once all the inputs are made equal the Indian producer will be able to affect the reservation economies and have the pride of knowing that he is as productive as the same operator on the outside of the reservation.

Colville Confederated Tribes

P.O. Box 150 - Nespelem, Washington 99155 (509) 634-4711

TESTIMONY OF DON PEASLEY
CHAIRMAN, LAND AND FORESTRY COMMITTEE,
COLVILLE CONFEDERATED TRIBES
BEFORE THE
SENATE SELECT COMMITTEE ON INDIAN AFFAIRS
OVERSIGHT HEARING ON INDIAN AGRICULTURE
NOVEMBER 2, 1989

My name is Don Peasley and I am Chairman of the Land and Forestry Committee of the Colville Confederated Tribes Business Council. Our reservation, encompassing approximately 1.3 million acres, is between the Okanogan and Columbia rivers and includes Grand Coulee Dam. Our economy is dominated by timber and agricultural production. Other activities such as tourism and mining are being promoted on the reservation; however, agricultural production is the backbone of the entire reservation economy.

The ability of the Tribe and individual tribal members to obtain credit to expand the agriculture-related businesses controls the growth of the reservation economy. To date, economic growth of the reservation has been supported by timber and mining revenues, direct BIA loans, BIA guaranteed loans and a credit program owned by the Colville Confederated Tribes which makes loans to individual tribal members and to tribal enterprises. Non-tribal financial institutions, including government agencies such as the Farmers Home Administration and HUD, promote Federal Housing Programs; but, have had little impact on

agricultural development. It has been encouraging in the last couple of years, to see programs designed to increase both the Farmers Home Administration and HUD programs involvement with trust properties; but, the use of the new programs has been limited.

I would like to address the difficulties that Colville Tribal Members encounter when trying to obtain agricultural credit. In most cases, tribal members have limited equity in real property, and if they have equity it is tied up in the ownership of trust property. Non-tribal financial institutions still have the concern that they will be unable to realize on their collateral if the loans become delinquent and the property needs to be liquidated. This concern also includes chattel type property because the institutions are unclear as to their rights in removing such property from the reservation. These concerns have been fueled by issues raised in recent years as to which court, i.e., State, Federal or Tribal, will have jurisdiction in foreclosure type actions. The more recent court cases have suggested that the court of jurisdiction will be the Tribal Courts which are an unknown entity to the financial institutions. Consequently, financial institutions have taken a very cautious approach especially in dealing with individual tribal members. Credit granting institutions also are concerned that their security instruments may not meet all the requirements of the Bureau of Indian Affairs and might be declared invalid when trust property is involved. Another factor is the time frame required for the Bureau of Indian Affairs to exercise their

trust responsibility. This sometimes results in extended periods of time before a transaction can be approved and completed. Hopefully, with time and experience the fears of non-tribal financial institutions will be eliminated and they will be more willing to deal with tribal members.

One potential near-term solution to increasing the availability of agricultural and other credit to tribal members would be the authorization of tribal credit granting institutions to obtain Bureau of Indian Affairs guarantees on loans to individual tribal members and tribal enterprises. This ability would allow those loans either to be sold on a secondary market or pledged to secure loans from other financial institutions for re-lending in the tribal programs. This solution will sharply and quickly increase the availability of funds to Tribal Credit Programs.

At this time, this type of activity appears to be limited to loans between Tribes and is not available to individual members and tribal enterprises. This limitation is due to the requirement that the Tribal Credit Programs must be tax paying entities to obtain BIA guarantees. Our Tribe and many others have determined that to become tax paying entities would be disadvantageous to the Tribe as a whole.

Many of the Tribes have established credit programs that are operated as tribal enterprises. The Colville Confederated Tribes Credit Program has approximately $30 million dollars in assets with a net worth of $25 million dollars. It has been operated profitably since 1979. The Colville Reservation is a checker board of both trust and fee properties owned by tribal

members and non-tribal members. The Tribe desires to increase the repurchase of lands within the reservation boundaries both for timber production and for farm and ranch development. A limiting factor has been the lack of the ability to borrow the necessary funds to purchase and develop the property. This inability also restricts the development of lands already owned by the Tribe or individual tribal members.

If this committee can assist the Tribes by helping our credit programs secure the ability to obtain BIA guarantees on loans that are made to individual tribal members and tribal enterprises, I believe a major step forward will be accomplished to increase the availability of agricultural credit and other credit to tribal members.

I would like to thank the committee for allowing me to express the Colville Confederated Tribes experiences, concerns and possible partial solution to the problem of obtaining adequate financing on the Colville Reservation.

Thank you

Don Peasley, Chairman
Land & Forestry Committee
Colville Confederated Tribes Business Council

Ramona Farms

PO Box 159, Sacaton, AZ 85247 (602) 562-3642

Prepared Statement of Ramona I. Button

Mr. Chairman, I am Ramona Button, a Pima Indian from the Gila River Indian Community at Sacaton, Arizona.

Together with my husband, Terry and Pima Indian business associate, Harlan Bohnee, I operate a farming enterprise on leased allotted and Tribal lands on the Gila River Indian Reservation.

My husband and I started our farming operation in 1973 along with my father, a Tohono O'odham, on my mother's 10 acre allotment. Our small operation was funded by revenues from our employment; mine at the Sacaton Indian Hospital where I worked for nine and a half years as a Licensed Practical Nurse, and my husband's at the Gila River Chevron where he worked as a gas attendant and auto mechanic.

In 1976 we became aware of the Indian Business Development Grant Program and Farmer's Home Administration loans which were being made available and we, among many Indian individuals, subscribed to the program and leased 300+ acres of allotted land adjacent to my mother's allotment and cleared trees (which had grown up on the abandoned farmland), removed brush and fences and hired contractors to level land and install concrete irrigation ditches.

Until there was enough water to farm all the lands which we had cash leased and developed, we performed custom farming services for other Indian individuals and several off-reservation farmers for several years in order to service the debt for the improvement project.

In 1981 we joined efforts with Harlan Bohnee, who had a similar experience in picking up and expanding his father's farming operation, which had been abandoned when water had become unavailable in the late 1960's and early 1970's when use of short supplies of available irrigation water by non-Indian farmers both on and off the Reservation caused the decline of the few remaining subsistence farmers on the Reservation.

Through our combined efforts and management we have developed a large and successful farming operation which, today, after having repaid our original indebtedness to FmHA, is funded solely by commercial financing.

This year we are growing approximately 5500 acres of crops which include Pima Cotton (one of our specialties), upland cotton, wheat, barley, alfalfa, grain sorghum, millet, sudan hay, oat hay and Tepary beans, a traditional Pima crop. These crops are grown on allotted and Tribal lands.

We expect to generate about $4,000,000 in gross revenues this year, much of which goes directly or indirectly into the local Reservation economy through lease payments and wages (we employed 67 people in 1988).

1989 annual lease payment:	$310,074.00
Projected 1989 labor budget:	$227,000.00*
Total 1989 revenues paid into community:	$537,074.00

* Payroll through 10/27/89 was $192,168.98

This year to date, we have also invested $185,385.85 in long term capital improvements on leased land, and project a further expenditure of approximately $150,000.00 before year end.

This expenditure of $335,385.85 is only one year's expenditure for an on-going development program for improvements of leased lands. It is important to note that these funds for capital improvements have been in addition to payment of competitive cash rents, and represent the reinvestment of profits generated by the farming operation and are not federal grants or loans.

Commercial loans for capital improvements are not available and we have not been able to obtain BIA loan or grant funding since the original Indian Business Development Program grant of $50,000.00 to Harlan Bohnee in 1976 and $50,000.00 to myself in 1977.

It should also be noted that these are funds which would not be reinvested, but removed as profit by non-Indian lessees, who, not being part of the Indian Community could not justify the investment without long-term leases with incentives for this type of investment.

This is an example of the economic impact of <u>one</u> farming enterprise of 5500 acres out of many farming operations which utilized approximately 35,000 acres of cropland on the Gila River Reservation in 1989.

I must also report to you that there are sadly only a few other brilliant success stories such as ours back at Gila River.

The path has not been rosy and many Indian people who had struggled for several years under the restrictive policies of the BIA after beginning in the late 1970's under the Indian Business Development Program, have finally succumbed. Many of them have been unable to compete with non-Indian Lessees, who through BIA bid processes have removed Indian operators from their leases before they could recover their investment in development costs or repay their FmHA loans. This was due to the unrealistic amortization periods in BIA leases and a lack of a policy of Indian preference in leasing of Indian lands. The non-Indian

operators in many cases were able to step into improved leases while the debt for the improvements remained on the shoulders of the Indian farmer who was out of business and unable to repay.

This brings me to the purpose for my coming here during our busy cotton harvesting season back home in Arizona...to make you aware that Agriculture is important to the Gila River Indian Community and to make you aware of the commitment of Indian people to the development of their local economies.

Agriculture is our only real potential for economic development at Gila River. Agriculture in Arizona depends on irrigation water. I cannot overemphasize the importance of the development of Indian water resources through improved irrigation systems to the economy of the Gila River Indian Community.

We are in extreme jeopardy of total collapse of the reservation economy at Gila River because, in spite of the fact that we have an immemorial water right based upon undisputed prior claims, we still, to this date do not have an assured water supply while surrounding communities have continued to grow and expand, their growth fueled by utilization of water resources.

The supply of stored water behind the Coolidge Dam upon which our Community's economy depends is nearly exhausted.

I must tell you that my farming operation is doomed. I will be unable to provide employment or pay lease revenues into the Community or continue with any development projects or even feed my family unless our water problems are resolved immediately.

Furthermore, leasing policies on reservations must be written by Tribes, Indian Irrigation Projects must be run by Tribally Chartered Water Users Associations or Irrigation Districts, and financing for economic development in agriculture must be administered by Tribes at the local level.

This concludes my testimony. Thank you for affording me this opportunity to express my concerns.

Stotonic Farms, Inc.
PO Box 309
Sacaton, AZ 85247

March 30, 1989

Ms. Denise Homer
Superintendent Pima Agency
PO Box 8
Sacaton, AZ 85247

RE: Funding Request For Interim Water Supply Interconnect

Dear Ms. Homer:

Stotonic Farms, Inc. is an Indian owned and operated farming operation here on the Gila River Indian Reservation in District #4 and #5. We currently farm 645 acres of Community lands to Pima cotton, upland cotton, wheat, millet and alfalfa crops. We are also currently negotiating a long term development lease on approximately 650 acres in District #5 that will require a capital investment of nearly $1,000,000.00 over a five to eight year period. We employ community members in our operation and many different landowners in the Community depend upon our lease revenues for their economic well-being.

The matter of water availability for this crop year and future crop years is an extremely urgent and vital issue to our operation, that of other farmers, both members and non-members, and landowners as well as the entire Gila River Indian Community at large. Because our agriculture is the foundation of our economy and our most promising industry for the future, an assured water supply delivered through an adequate and efficient delivery system is a basic necessity to our economy here in the Gila River Indian Community.

It has come to our attention that in addition to the low water supply behind the Coolidge Dam and a planned reduction in groundwater pumping that there are also some immediate concerns over the safety of the Coolidge Dam which may result in loss of capacity to store water. Not only has it been impossible to get our full apportionment in Districts #4 and #5 during years which there has been an adequate supply of stored water, but many project lands in these Districts as well as in Districts #2 and #3 have not been farmed due to an insufficient and poorly maintained delivery system. This has caused a severe economic loss to those community members who have thus not been able to farm, garden or lease their lands. Water that is rightfully theirs has not reached Community lands.

Attached to testimony of Ramon I. Button

In light of this situation an additional shortage caused by drought or concern for dam safety and reduced water capacity could be totally disastrous for the economy of the Gila River Indian Community.

We stand in support of the resolution by the Gila River Indian Community Council in requesting that you secure sufficient funding to provide an adequate dependable water supply to all of the lands within the San Carlos Indian Irrigation Project. Water is essential to our agriculture which is our Tradition, our economic foundation, and our Future.

Sincerely,

STOTONIC FARMS, INC.

Terry E. Button
Farm Manager

Ramona I. Button
Ramona Farms
PO Box 159
Sacaton, AZ 85247

March 30, 1989

Ms. Denise Homer
Superintendent, Pima Agency
Bureau of Indian Affairs
PO Box 8
Sacaton, AZ 85247

RE: Funding Request for Interim Water Supply Interconnect

Dear Ms. Homer:

I am writing to you to represent my concern for an adequate and stable water supply as a Pima Indian family farmer with a lifelong tradition of farming and a very substantial investment in the agricultural industry here in the Gila River Indian Community.

I have become aware that the apportionment for the 1989 crop year on our San Carlos Project will be 2.5 acre feet per acre and that there is also an intended 25% reduction in groundwater pumping which we rely upon to augment our surface water supply. I have also become aware that additional decreases in the supply of water stored behind Coolidge Dam may be required for the continued safe operation of the dam.

In view of the fact that we have had extreme difficulty getting adequate water delivered to our farming operations in District #3, #4, and #5 in the Gila River Indian Community during each of the past ten years when the apportionment from the San Carlos Project has been 3 acre feet per acre or greater and ground water pumping had not been reduced I am certain that a reduction in water delivery would be disastrous to our farming operation.

My family, including my young children are involved in this farming operation and we employ more than sixty community members during the year, both full time and seasonally. We have 2062 acres in crop this year and are growing wheat, barley, oats, grain sorghum, millet, Pima cotton, upland cotton and tepary beans. None of these crops are under any federal subsidy programs. The debt service on these growing crops alone is in excess of $1,000,000.00. This does not take into account equipment debt, debt service on land improvements or family living costs.

attached to testmony of Ramona I. Button

We have a substantial investment of long term capital in land improvement and soil and water conservation practices. We have invested heavily in improving the irrigation efficiency of the lands which we farm, utilizing laser-guided leveling equipment and large flow, high-volume water turnout systems. In order to operate these systems efficiently, repay our annual crop loans, service the long-term debt for these improvements, and provide for our family we must have an adequate and dependable water supply delivered through an improved system.

I must emphasize the critical importance of our situation and the impact that it could have on our community not only in revenues and jobs lost but also in the respect that it also puts in jeopardy our hard-won financial credibility and integrity that we here in this community have struggled so long and so hard to establish.

I stand along with the Gila River Farms in support of the request by the Gila River Community Council that you secure sufficient funding to provide an adequate, dependable and efficient water supply throughout the San Carlos Indian Irrigation Project.

Thank you for your time in considering my request for your assistance.

Sincerely,

Ramona I. Button

Ramona I. Button
dba Ramona Farms

GRID #6725

TESTIMONY OF THE COLORADO RIVER INDIAN TRIBES
BEFORE THE
SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

Indian Agriculture Hearing
November 2, 1989

The Colorado River Indian Tribes ("Tribe") appreciates the opportunity to present its concerns about Indian agriculture to the Senate Select Committee on Indian Affairs. Agriculture is the foundation of the Tribe's economy. The strength and viability of Tribal agriculture impacts all facets of life on the Colorado River Indian Reservation. Problems that delay, hinder, harm or damage the agriculture activities of the Tribe have direct and severe impacts on governmental services, quality of life for tribal members, the local economy and government operations. The Tribe would like to commend the members of the Committee for recognizing the need to obtain input from tribes on Indian agriculture and the desire to address the critical problem areas facing tribes, many of whom are dependent on agriculture for their revenues, both governmental and individual.

The Tribe is located along approximately forty-five miles of the Colorado River in western Arizona and eastern California. The Reservation is approximately forty-five miles long and twelve miles wide, containing approximately 270,000 acres. The Tribe has roughly 80,000 acres in agriculture production during the current year and an additional 30,000 acres capable of agriculture production. Of the 80,000 acres currently in agriculture production, 20,000 acres are farmed directly by the Tribe through

of the total Tribal revenues. In addition, Tribal agriculture generates approximately $80 million into the local economy.

Scope of Indian Agriculture

Before detailing the specific issues of concern to the Tribe, it is important to describe the scope of Indian agriculture. As the Committee, Congress, federal agencies and tribes consider issues pertaining to Indian agriculture, all parties must understand the scope and complexity of Indian agriculture. Failure to appreciate the extent of Indian agriculture and its complexity may result in counterproductive or inconsistent actions, rather than coordinated, long-term solutions to the issues confronting Indian agriculture in the twentieth and twenty-first centuries. Indian agriculture is not just individual Indians cultivating a small plot of land to provide for subsistence needs of their family. Indian agriculture is tribal farms comprising thousands of acres and generating millions of dollars to support governmental operations and services. Indian agriculture is individual Indians farming hundreds of acres, using the most modern technology, to provide income, food, education, clothes, medicines and other necessities for their nuclear and extended families. Indian agriculture is thousands of lessees of reservation lands across the country where lease payments support the local economy and generate resources for Tribal governmental operations. Indian agriculture is the lifeblood of many rural communities in this country through leasing of lands, generating jobs, spawning support industries and providing governmental services. Indian agriculture is banks and other financial institutions which provide funds in the local economy through financing of agricultural production. Indian agriculture is the buyers, brokers, and consumers which rely on the agriculture products produced on Indian reservations. Indian agriculture is the irrigation system and other infrastructure which supports agricultural operations. Any action

taken to address a problem within one segment of Indian agriculture must be considered in light of the beneficial and detrimental effects which will occur in other segments of Indian agriculture.

Development of Indian agriculture will require a cooperative effort among tribes, the private sector, Congressional and federal agencies. While the issues are complex and vary in degree from tribe to tribe and region to region in this country, the Tribe believes there are issues of common concern. If properly addressed, these areas of common concern will provide individual tribes a framework for realizing the full potential of their agriculture lands. The Tribe will address two key areas of concern, capital formation and federal agencies.

Capital Formation

Available sources of capital are crucial to the development of any economy. Development needs of the Indian agricultural economy on reservations are no different. What is different, however, is that Indian agriculture must operate under constraints not found elsewhere. When an entity considers extending funds for agriculture it will look at factors such as the experience and history of the producer, the condition of the land, the prospective commodities to be produced and the availability of security for its funds in the event the undertaking should not be successful. For non-Indian producers, these factors are generally met quite easily. In contrast, for Indian agriculture it often develops that one or more of these factors prevent capital from being invested or loaned to finance an Indian agriculture enterprise.

Only recently have some tribes moved from merely leasing their lands to conducting agriculture operations for their own account. Vertical integration of an agricultural economy is beneficial by increasing revenues and diversifying risks. To expand activities

into actual operations, capital is needed. Because of the lack of a track record, or lack of a credit history, tribes are often unable to obtain capital. In those instances where capital is available, the cost of the capital may make the operation impractical. For example, a tribe may need to borrow $300,000 to finance the necessary equipment to operate its farm. When the tribe approaches a lender, it is informed the money can be loaned if, in addition to providing the equipment or possibly the other assets of the enterprise as collateral, the tribe places on deposit $300,000 with the institution and provides the lender the opportunity to collect from funds set aside for programs such as social services, education and police protection. In most cases the tribe either does not have the $300,000 or is unwilling to jeopardize the provision of governmental services to obtain the capital. The Committee members are probably wondering why tribes do not utilize the direct loan or loan guarantee programs through the Bureau of Indian Affairs? The direct loan program is utilized primarily for non-agricultural economic development, and is under-funded for agriculture development. Use of the loan guarantee program is limited because lenders do not necessarily consider a loan guarantee an enhancement to invest in the Reservation due to the difficulty and hassle in ultimately claiming against the loan guarantee.

Many lenders in the non-Indian context, when lending for agricultural operations, look at their ability to obtain the land in the event of default as an important factor in securing their loans. Given the unique nature of the trust status of lands on reservations, many lenders are leery of providing capital for agriculture operations. While the Tribe is strongly opposed to altering the status of the land or any option which would present the possibility its lands would be lost, the Tribe just as strongly believes mechanisms need to be developed to deal with lenders' concerns. An individual lender may not deem it cost effective to

develop suitable financing vehicles. The Tribe would suggest, however, just as the Federal Home Loan Mortgage Corporation has developed standard financing documents which facilitate home financing, efforts should be made to develop standards for financing of agriculture on reservations. This standardization would address the concerns of lenders and tribes, and would have the additional benefit of hopefully creating a secondary market, thereby increasing the availability of funds for Indian agriculture.

Another factor for improving the availability of capital on reservations is to provide certainty in the rules under which agriculture and business operate on the reservation. By this the Tribe means the establishment of tribal commercial codes and remedies in tribal courts for both the Indian and non-Indian. While the adoption of commercial codes and the provision of access to the courts is within the control of a tribe, many tribes, while desirous of providing codes and courts, do not have the funds to undertake these activities. It becomes the age-old question of which came first, the chicken or the egg: A tribe needs to improve its agriculture economy to generate revenues to pay for the cost of developing courts and codes. On the other hand, the tribe needs the codes and courts to attract capital with which to improve its agricultural economy. Additional assistance to facilitate the establishment of codes and tribal courts will provide tribes the ability to address this concern.

Federal Agencies:

Bureau of Indian Affairs

Indian agriculture is further hindered from developing its full potential by the additional federal restrictions under which it must operate. The leasing of trust lands on Indian reservations

is highly regulated by the United States through the Secretary of the Interior and the Bureau of Indian Affairs. Title 25 of the United States Code provides numerous provisions governing the leasing of lands for agricultural purposes on Indian reservations. In addition, specific leasing requirements for individual reservations have been enacted by Congress. Title 25 of the Code of Federal Regulations provides for the regulation of all aspects of leasing of Indian lands from solicitation of bids through lease cancellation. The BIA regulations were designed to protect the interests of the Tribe in fulfillment of the federal government's trust responsibility. In practice, however, the regulations can hinder the development of Indian agriculture.

In particular, the Tribe points out areas wherein it has experienced significant problems. The Tribe in the past few years has had several lessees who, in addition to failing to pay their rent, were damaging the land through poor agricultural practices. The Tribe urged the BIA to cancel the leases of the respective lessees, which the BIA undertook. Significantly, under the BIA's procedures, the decision to cancel never becomes final until all possible administrative appeals are completed. The Tribe agrees that reasonable due process must be accorded to parties dealing on the Reservation, but as a result of the particular due process accorded by the BIA, the lessees remained in possession of the leased premises for well over a year continuing their poor agricultural practices. The lessees were able to proceed through each phase of the appeal procedures without ever presenting any evidence to contradict the valid reasons for cancelling the lease. The lessees were continually given extensions of time after having missed previous deadlines. Individual tribal members had to seek assistance from the Tribe because rental had not been paid. The Tribe also had to proceed in Tribal Court to appoint a receiver to protect further damage to the property and protect its rights under the lease being cancelled.

The Tribe places great importance on protecting the rights of those who engage in agriculture on the Reservation, but those rights should be placed in context with protecting the Tribe's resources. The Tribe suggests the lessee's rights can be protected without necessarily leaving a violator in possession and without having up to four or five separate internal appeals prior to final action on a lease violation. The Tribe should be provided the ability to cancel its own leases for violations of lease terms, provided the Tribe affords the lessees appropriate due process under the Indian Civil Rights Act. The fair treatment of lessees by the Tribe will further increase the willingness of private industry to invest capital on the Reservation.

There are also issues that need to be addressed with respect to the land leasing program which is overseen by the BIA. The Tribe believes procedures should be implemented to further ensure that lessees are fully capable of honoring their lease obligations.

Moreover, the Tribe believes that a significant issue exists as to the appropriate lease term. For example, a ten-year limit, while facially prudent, may actually harm the land in the long run. The lessee may not have the incentive because of the short lease term to provide for proper maintenance of the land. Thus the Tribe believes it should have the flexibility in its leasing program to ensure that the lease term can be adjusted in the interest of best agriculture management practices.

Department of Agriculture

The Tribe has gradually developed its knowledge and become more sophisticated in its agriculture activities. In its operations the Tribe has, like any other farmer in the United States, attempted to participate in and comply with the agriculture

laws and regulations implemented by the Department of Agriculture ("USDA") for farming programs on its lands. For years, the Tribe has been encouraged to benefit from the federal agriculture programs. As the Tribe has undertaken to learn about and participate in the various programs, it has continually found most programs are not administered in a manner which acknowledges the unique status of tribes, and in several instances requires tribes to assume undue risks should they decide to participate in the programs. Because the federal laws and regulations which implement them in most cases were not promulgated with Indian tribes and reservation lands in mind, when tribes elect to participate in the programs it leaves USDA trying to fit a square peg into a round hole. A tribe is dissimilar from all of the general types of entities which are covered by the agriculture laws. It is not a joint venture, partnership, corporation, association or individual. A tribe is a sovereign government which may have attributes similar to the various types of entities mentioned, but does not fit the description of any of the entities. This results in some unique hardships for Indian agriculture which can put it at a disadvantage to non-Indian agriculture.

The payment limitation regulations, 53 Federal Register 29552, are one example of how a tribe is penalized because the law has not taken into account the unique nature of Indian agriculture and status of Indian lands. USDA has interpreted these regulations in a manner which will have devastating effects on Indian tribal farming ventures and to the tribal programs which it supports. This interpretation would penalize tribal ventures for actions taken by a tribe's lessees over which the tribe has no control. The USDA regulations provide that if a Tribe's lessees are out of compliance with its regulations, then not only is the lessee penalized but so is the tribe. The type of abuse which the regulations seek to curtail results from the close nexus and control that are anticipated between lessee and lessor. In the

Tribal context, this not only does not exist, but in practical terms it cannot exist. As indicated above, the BIA administers regulations which comprehensively cover leasing of Indian lands.

Even if a tribe, within the framework of the BIA regulations, required detailed submission of materials and monitoring to ensure that one of its lessees never ran afoul of the USDA payment limitation regulation, even in a small technical detail, another factor operates against such a monitoring procedure. The tribes and their lessees in most cases are competitors. Assuming that it were feasible for a tribe to require detailed information from its lessees to ensure compliance with USDA regulations, ensuring compliance would be a nightmare for tribes and possibly even a violation of federal antitrust laws. Most lease compliance for Indian leases is performed by the BIA. The recent investigations by this Committee have illustrated that the BIA is having a difficult, if not impossible, time trying to monitor the existing leasing program, without any additional burdens being placed on an already overtaxed system. The numbers and expertise of compliance officers is severely limited. Unlike the situation of the non-Indian lessor monitoring a given lessee, each tribe may lease out tens of thousands of acres of land to hundreds of separate lessees. The ability to constantly monitor the internal activities of these lessees would be an administrative and fiscal nightmare.

Moreover, tribes cannot afford to wait until USDA determines there is a violation to take action. USDA may discover a violation two years after the violation has occurred, combine the lessee with the tribe and require reimbursement of the funds paid to a tribe. This is at a point in time when the funds have been expended by the Tribe for governmental services. Very few, if any, tribes have the resources to set-aside funds for such a contingent liability. In addition, if a tribe were able to discover a violation by a lessee

of the payment limitation regulation during the current growing season, enforcement to ensure compliance cannot be accomplished in a timely fashion. The alternatives for a tribe to ensure compliance are court action, which is inordinately expensive and time-consuming, or lease cancellation, which has its own problems as discussed previously. For many tribes, non-compliance by a lessee could mean the loss of several million dollars.

While tribes appear to be progressing to obtain a legislative solution to this particular problem, it serves to highlight the hardships imposed on Indian agriculture through failure to consider tribes when legislation is implemented. In addition, this example highlights the failure of federal agencies, which have a responsibility to fulfill the trust responsibility to tribes, to promulgate rules for Indian agriculture which do not cancel out the rules promulgated by their sister agencies. The Tribe is aware of similar problems which may occur in the context of at least one other agriculture statute, the "Sodbuster" bill, 16 U.S.C. § 3801 et. seq.

Conclusion

Indian Agriculture is complex and the solutions to its problems will require thorough investigation, creativity and foresight. This should not deter the Committee or Congress from proceeding expeditiously to address the concerns of tribes. Indian agriculture is the lifeblood of many reservation communities. To continue the process started by this hearing, the Tribe suggests the Committee seek to hold joint Indian agriculture oversight hearings with the Committee on Agriculture, Nutrition, and Forestry. This will facilitate a coordinated response to issues of concern to Indian agriculture. The Committee also should consider holding field hearings in different regions of the country to obtain information on the particularized issues of Indian

agriculture affected by local agriculture conditions. The Tribe also requests concentrated efforts be made to ensure, as Congress contemplates present and future farm bills, that the impacts and benefits on Indian agriculture be carefully considered. The Tribe finally suggests that the impacts of Indian agriculture on reservation economies and surrounding rural communities be quantified. This will provide a tool for analyzing and developing solutions for Tribal concerns in this area.

The Tribe is available to assist the Committee and its staff in addressing these important issues of concern to Indian agriculture. The Tribe appreciates the Committee for this opportunity to present its views.

GILA RIVER FARMS

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TESTIMONY OF THE GILA RIVER FARMS
BEFORE THE
SENATE SELECT COMMITTEE ON INDIAN AFFAIRS

AGRICULTURE OVERSIGHT HEARINGS
NOVEMBER 2, 1989

The Gila River Farms Board would like to take this opportunity to first thank the Committee for requesting this testimony and commend you for the interest that the Committee has shown in Indian agriculture and its future.

The Gila River Farms (Farms) was organized by the Gila River Indian Community (Community) Resolution GR-436-68, dated February 21, 1968, at which time the Tribal council suspended operations of the Pima Community Farms and reorganized under the name of the Gila River Farms. That resolution authorized the Governor of the Community to appoint a five-man Farm Board to operate the newly created Gila River Farms. The Board was required to prepare a written Plan of Operation and submit that Plan to the council for approval. The Plan was subsequently prepared and was approved on June 18, 1969, by resolution GR-72-69.

The Plan, as adopted, sets forth the organizational arrangements and responsibilities of the Farm Board. Basically, the purpose of the Farm is to promote economic development, provide employment and generate net income for use by the Community. As per the Plan the Gila River Farms returns up to fifty percent of the annual net revenue to the Community with the balance of net revenues to be used for Farm improvements.

The Gila River Farms is currently comprised of five separate units, called Ranches. The Farms' headquarters is located on the largest Ranch, Sacaton Ranch, which is located in the northwestern part of Pinal County, Arizona, approximately 30 miles south-southeast of Phoenix.

The Farm operates lands for the Community Council, individual Indian allottees and for the Pima Educational Agricultural Development Corporation. The Pima Educational Agricultural Development Corporation is a non-profit corporation organized by the Community Council under the laws of the State of Arizona.

The Farms typically has between 10,000 and 15,000 acres under production in any given crop year. The cropping pattern consists of a variety of crops including cotton, alfalfa, small grains, citrus, lettuce, cabbage, onions, broccoli, potatoes, watermelons, cantaloupe, carrots, pistachios and guayule. This diversified cropping allows the Farms to limit the number of acres in any one crop and also provides revenues throughout the year. The Farms plans to incorporate olives into the cropping pattern in the near future.

When the Farm Board took over the Farms' operation in 1968, they first used the profits to pay off past debts incurred by the previous farming operation. Once those debts were paid off, they began using the profits for rehabilitation of the existing farm lands. The farm management soon recognized that there was not sufficient funding from the Farms and through the Bureau of Indian Affairs to rehabilitate the lands and make necessary improvements to the irrigation delivery system. In 1977 the Farms was successful in securing a Small Reclamation Projects Act (SRPA) loan for the rehabilitation of 5,224 acres of land and the existing canal and irrigation distribution system. The Farms has completed all of the work under the loan and is currently in the fifth year of repayment. In 1985 the Farms secured another SRPA

loan for an additional 3,638 acres and associated irrigation delivery system. The work under the second loan is scheduled for completion this year. The total loan amount between the two loans is approximately $21 million.

The Farms, through their progressive action, have built a successful farming enterprise. By utilizing the resources of land, water and people, the Farms has continue its operations for some 21 years. The Farms over this time period has actively participated in conservation practices, farm programs and utilized the best available technologies.

The Farms can continue to be a successful operation, if and only if, the natural resources are available in the future. Land resources on the Gila River Indian Reservation are of good quality and in abundance in comparison to its counterpart, water. There are sufficient Class 1, 2 and 3 soils on the reservation (approximately 176,000 acres) to support tribal and individual farming operations. Good farming practices of crop rotation and soil amendment programs will keep the lands productive for future generations.

The limiting resource, for farm production, is water. The Community is currently involved in water rights negotiations and negotiations for a possible Central Arizona Project (CAP) contract that would deliver 173,100 acre-feet annually to the reservation. These water deliveries are key to continued farming operations at Gila River Farms and throughout the reservation. Along with a dependable water supply, a delivery system with adequate capacity must be operated and maintained. The existing San Carlos Indian Irrigation Project system that delivers water throughout the Community is old and in need of major rehabilitation. The Community, in the past, has been forced to place moratoriums restricting any additional farm development in certain areas of the reservation due to restrictions in the irrigation delivery system.

The Gila River Farms has been successful in financing its annual operations. This success is primarily due to the success and credit history of the farm manager on previous farming operations. The Farms has been able to maintain and expand the financing through local banks as they have increased the farming operation. This is not the case for the individual farmers throughout the Community. Without some form of major collateral, financing is difficult, if not impossible to obtain.

The Gila River Farms Board is proud of the farming operation and the success that they have enjoyed the past 20 years, but are very much aware that this success can not continue with the Gila River Farms operation and will never be realized by other Community farming operations unless a dependable water supply is made available and an adequately sized, operated and maintained delivery system is constructed. This along with continued support of farm programs, technical assistance and hard work by its people will provide assure prosperity for future generations.

The Farms is requesting that the Committee proceed with the Indian Irrigation Oversight Hearings at the earliest convenience, arrange joint Indian Agriculture oversight hearings with the Committee on Agriculture, Nutrition and Forestry, and schedule regional hearings so that more local input can be provided to the Committee. We again thank you for the opportunity to present our views and issues.

Gila River Land & Water Users Association
c/o PO Box 309, Sacaton, AZ 85247 (602) 562-3642

Board of Directors:
Charles E. Chorse
Ardell Ruiz
Horton Bahnee
Larry Nelson, Sr.
Terry F. Sutton

Prepared Statement of the GRLWUA

Introduction:

We would like to take this opportunity to acquaint you with the Gila River Land and Water Users Association. This association was founded by Charter in 1989 under Tribal law of the Gila River Indian Community to meet the needs of farmers and ranchers on the Reservation. The objectives of the GRLWUA are to promote the highest and best use of the Community's agricultural resources.

The membership of the GRLWUA is comprised of Indian land-owners, and Indian and non-Indian farmers and ranchers engaged in crop and livestock production on the Gila River Indian Reservation, a 372,000 acre reservation in South Central Arizona, the center of which is approximately 45 miles southeast of Phoenix, at Sacaton.

The purpose of this organization is to emphasize and promote the vital role of agriculture in Economic Development in Indian Country.

It is the goal of this organization to assist whenever possible in developing a self-sustaining, self-sufficient, reliable economy based upon agriculture on the Gila River Indian Reservation and provide business and employment opportunity for Tribal members. This will ultimately reduce the dependency of the members on Government programs while providing the Tribal Government with a source of revenue, through lease or operation of Tribal agricultural resources, to meet the needs of the Community and ultimately achieve the Community's goals of self-sufficiency and self determination.

We believe the Gila River Indian Community has the necessary resources to accomplish this:

1. Land and water resources: upwards of 250,000 acres of irrigable land and total water rights claims of 1.5 million acre feet annually.

2. Highly skilled agricultural labor force.

3. Variety of well-established Indian agribusiness entrepreneurs.

4. Many young people who desire to start an agricultural career.

5. Many non-Indian lessees who farm community lands, thus contributing to the local economy through lease revenues and employment.

6. Proximity to markets for agricultural products.

7. Proximity to supportive industries (fertilizer, machinery, cotton ginning, etc.).

8. Ability to entice supportive industries to establish on the reservation due to a large local acreage in crop production.

9. Climate and productive soils which allow farming of high value row crops.

10. A Tribal Government which is supportive of community based endeavors in Economic Development especially in agriculture (see attached Council Resolution #GR-04-89).

Background:

In the late 1800's and the early part of the 20th century, due to the rapid growth of surrounding and upstream non-Indian communities whose growth was fueled by utilization of Indian water resources, the water supply to the Gila River Indian Community was severely reduced and the Gila River, a perennial stream, dried up completely, causing a decline to near collapse of the Reservation economy, which dating back into the pre-Columbian era, was based upon irrigated agriculture.

Congress, in an effort to restore some of the water to the Indian Community, by passage of the Act of June 7, 1924 (43 Stat. 475), authorized construction of the Coolidge Dam on the Gila River, the construction of which was completed in the late 1930's. The primary purpose of the Act was to provide irrigation water to 50,546 Acres of Indian land designated as San Carlos Indian Irrigation Project. The Act also provided that the water could be shared with 50,000 Acres of non-Indian lands, but only to the extent that such shared water was surplus to the needs of the Indian lands.

Because of continually increasing diversion of water upstream from the dam for agriculture, municipal, mining and industrial development, the Gila River watershed has been incapable of providing a reliable supply of water for irrigation of the 50,546 acres of Indian lands within the San Carlos Irrigation Project, not withstanding the 50,000 Acres of non-Indian land which were included in the San Carlos Irrigation Project.

Furthermore, the Bureau of Indian Affairs, in carrying out the Act, never provided the Indian lands with sufficient water as was the intent of Congress, and through its administration of the San Carlos Irrigation Project the BIA has acted in direct conflict with the best interests of the Gila River Indian Community whose

interests it has the Trust responsibility to protect. It has been through the precedent set by 50 years of BIA administration, during which the BIA has operated the San Carlos Irrigation Project primarily for the purpose of providing irrigation water to the 50,000 Acres of off-reservation non-Indian lands within the Project, that the non-Indian landowners have grown accustomed to expect a disproportionate share of both the water stored behind the dam and the normal flows of the tributaries of the Gila, irrespective of the needs of the Gila River Indian Community.

The Indian Community has never received even as much as one-half of the water delivered in any particular year. Furthermore, the Indian Community has had to pay half of all of the charges for the operation and maintenance of the Project owned irrigation wells, most of which are located off the Reservation and comparatively well maintained. The Project wells which are on the Reservation have been poorly maintained and do not pump nearly as much water as is calculated by the Project to be produced by these wells.[4] Because the amount of water that is pumped from Project wells is deducted from Project allocations of stored water, the effect is that, not only is the Indian Community required to pay a disproportionately high share of the operation and maintenance cost of Project wells, but it is receiving a net reduction in allocation of water.

The BIA has allowed the off-Reservation landowners to drill wells to pump ground water from under their lands to supplement the water being delivered from the dam. This is in direct violation of the 1924 Landowner's Agreement.[5] The Indian Community has been prohibited, however, by the BIA from drilling wells to pump groundwater from beneath its lands for supplemental use when such use of groundwater by Indians is not prohibited in the 1924 Landowner's Agreement.

Additionally, due to the fact that the Gila River Indian Community lands are furthest downstream and must take delivery of water through canals that have not been properly maintained by the BIA, substantial losses through the delivery system result in a lower percentage of water released from the dam actually reaching the land to be irrigated.

The most shocking and affronting example of neglect of Trust responsibility by the BIA was demonstrated recently. Twice in the five year period between 1978 and 1983, as a result of two one hundred year floods on the Gila River watershed, the Coolidge Dam was filled to capacity and water was running over the spillway. During the subsequent and unprecedented ten year period from 1978 to 1989 when the water supply behind the dam was at record levels the BIA was able to deliver water to less than one half of the 50,546 acres of Indian lands on the San Carlos Irrigation Project. This inability to deliver the water to the Indian lands was due to the lack of maintenance of the Project canal system, which is a BIA responsibility. During this time, instead of repairing the canal system, for which Congress appropriated money, the BIA instituted a moratorium prohibiting the lease or use of additional

lands by lessees or Indian allottees themselves. This, in effect, created a surplus of water which accrued to the benefit of off-reservation non-Indian landowners on the San Carlos Project, with no compensation to the owners of the water right who had been denied the use of their own water for their economic benefit.

Many efforts by Indian individuals and the Tribe to reconstruct the economy have been stifled by BIA policy in its administration of the Trust responsibilities of the Federal Government to the Tribe. These problems have continued to become more severe as the population on the Reservation has grown. An increasing number of people are unemployed, and thus more people each year have become increasingly dependent on social assistance programs administered through the Tribe. The Tribe, meanwhile, has been under increasing financial pressure as a result of being caught between these rising demands for services and cuts in Federal program allocations.

The continued growth of surrounding communities has made it politically unpopular for these surrounding communities to support the restoration of Indian water rights, and provide the financing necessary to rebuild the Reservation economy, as they are in direct competition for water resources.

These problems which face the Gila River Indian Community are similar to the problems which are faced by other Reservations across the United States.

Congress has passed various pieces of legislation to address these problems, laws which were designed to settle water rights claims, develop Indian irrigation projects, encourage self determination, provide incentives for economic development, provide employment, and provide money for capital improvements on Reservations. Congress has also passed legislation to make financing available to Indian Tribes and individual tribal members, and to provide for other financing needs of Indians in recognition of their particular needs which are, in part, due to the nature of their trust status which makes it difficult for Indian tribes or tribal members on Reservations to obtain commercial financing.

These laws, however, have never been implemented in such a way that Indians have benefitted as Congress intended. This is due to the fact that the BIA often fails to advertise to the Indian Communities the availability of these programs, does not complete the drafting of regulations to administer the programs, or makes the regulations so restrictive that they are contrary to the intent of the legislation. Often a large percentage of the funds are exhausted in the administrative process and very little eventually reaches the communities for which the funds were intended.

It must be recognized, however, as a tribute to the ability and tenacity of Indian people, that in spite of these adverse circumstances, many individuals have managed to retain their agricultural heritage and have survived as subsistence farmers and

ranchers. Several Indian entrepreneurs at Gila River over the last 15 years, in spite of the adverse conditions of commodity and financial markets in agriculture, have emerged as highly successful operators of farming enterprises. The Tribe has also developed a highly sophisticated commercial farming operation. Combined with lands farmed by non-Indian lessees, these individuals and the Tribe operate approximately 35,000+ acres of Project irrigated and non-project pump-irrigated farms on the Reservation.

Together, individuals such as these and the Tribe have the potential to develop the Community's resources into a thriving economy capable of generating $250,000,000 in gross revenues annually.*

Yet today, the prospects for progress at Gila River are not good. Unless water can be provided through the Central Arizona Project (CAP) system, the mere maintenance of the economy at the current levels of production is impossible. This is due to lack of an assured water supply and mismanagement of Indian water resources by the BIA.

The water stored behind the Coolidge Dam is at an extremely low level due to drought conditions on the watershed for the past three years. There are now approximately 60,000 acre feet behind the dam, which has a capacity, when full, of 1.2 million acre feet. Delivery system losses when running full-flow run from 43% to 50% when averaged across the 100,546 acres of San Carlos Irrigation Project which include the relatively well-maintained delivery systems for the 50,000 acres of non-Indian lands. These delivery system losses increase exponentially on the BIA maintained canal system which delivers water to the 50,546 acres of Indian lands through canals which have severely deteriorated due to prolonged lack of maintenance.

This problem is compounded by the fact that project irrigation wells, the pumping capacity of which is figured into the annual apportionment, are operating at far below previously estimated efficiencies*. There are also an inadequate number of Tribal wells which, although fairly new (less than ten years old), were deactivated and allowed to deteriorate as a result of BIA policy of not allowing the Tribe to utilize its groundwater resources.

The prospects of catching significant runoff from unseasonable storms in the upper Gila watershed are limited because of a major concern over the safety of the Coolidge Dam. Due to necessity for extensive repairs, in the event of major runoff from the watershed, release of stored water will be made in an attempt to maintain the maximum water level at no more than 80% of capacity until repairs are completed. It is projected to take up to five years to complete the repairs.

*These figures are based on gross crop revenues averaging $1000.00/acre on 250,000+ acres that the Tribe and the United States Government claim are lands with water rights of approx. 1.5 million acre feet per year under the Winters Doctrine.

At best, assuming no loss from the reservoir due to evaporation and seepage, there is only enough water to irrigate approximately 6000 acres of cotton* and no other crops on the 100,546 acres of the Project in 1990. This would translate into approximately $3,000,000 of gross revenue on the Reservation as compared with an estimated $16,000,000 in 1989**.

The impact on the local economy in 1990 will be extreme. Approximately 25% of cotton production costs are for land lease payments and labor. These monies are paid directly into the local economy each year and many families and the Tribe depend on these revenues. It is estimated that the projected cutback in planted acres due to the limited water supply will result in a net loss of revenue to the Community of approximately $250.00/acre in land lease and employment dollars alone, in the amount of approximately 3.75 million dollars.

*accounting for 50% delivery system losses and an average water requirement of 5 acre feet/ac of cotton.

**figures based upon $1000/ac gross revenue on a projection of 3,000 acres irrigated in 1990 as compared to 23,000 acres in 1989 of cotton and other crops acreage $700.00/ac.

Problems:

The necessity for economic reform on Indian Reservations is paramount. Agricultural development is the most logical form of economic development on Reservations because Indian communities have land, water and labor resources and Indian people have experience in agriculture. Most importantly, Indian people <u>want</u> agriculture.

Before any real progress can be made in developing Indian economics through agriculture the obstacles to that progress must be identified and overcome.

The following is a list of the major problems on Indian Reservations that need to be resolved in order to allow the Indian Communities to develop.

<u>I. Irrigation:</u>

"There are 73 irrigation projects administered by the Bureau (BIA) which provide irrigation services to 1,155,131 acres of land. "..."much of this land would be totally unproductive if not provided with irrigation water"..."the intrinsic value of lands serviced by irrigation is directly related to the condition of the irrigation delivery system and the ability of the system to furnish water on a timely basis." *

"BIA management of irrigation systems has caused a trend of increasing idle lands on Reservations. This has resulted in the spread of noxious weeds, caused an increase in the loss of operation and maintenance revenues" [4], and contributed to the overall decline in revenues to the landowners.

Indian irrigation projects have often been managed in such a way that the result has been that benefits accrue to non-Indian landowners at the expense of the Indian landowners for whom the irrigation projects were built.

In addition to the problems associated with poor management of irrigation projects:

1. "Most of the projects built in the early part of this century were constructed using relatively primitive methods. These methods were much more dependent on minor irregularities in land contours than techniques employed in more recent projects, where modern machinery and technology has the ability to reshape the land as needed. The result is a longer, more convoluted delivery system, with slower flow rates, reduced efficiency, increased water loss, and increased mossing problems in the older systems.

2. sites for early development were selected primarily on the criteria of water availability, not on the ability of the soils to sustain prolonged irrigation. As a result, some lands which are located within irrigation projects have soils which are simply not suited to continuous irrigation, and these soils have become unproductive. Saline seep is a major indicator of soil deficiencies which become apparent after irrigation is implemented.

3. drainage systems were uniformly omitted from the early irrigation project designs. The result is an ability to get water on the land, but not get it off when enough water has been supplied. This has caused elevated water tables and soil saturation problems, contributed to brush and weed encroachment and greatly limited the types of crops which can be grown in some situations. Lack of drainage on irrigated lands is among the major problems affecting the productivity of Indian irrigated lands today." [7]

II. Leasing:

BIA Leasing Policies have been inconsistent and have been administered capriciously.

"BIA policy for land leasing on Reservations has discouraged farming of Indian Lands by Indian people. Under existing regulations for leasing of trust lands, there is no preference to Indians for leases issued through the Bureau. Individual tribes may grant Indian preference only on tribally owned lands.

Therefore all leases on the allotted lands are awarded to the highest bid on the open market. The result is that large acreages are under lease to non-Indian farmers. This is in direct conflict with the Homeland Concept of Indian Reservations, the policy to promote Indian use of Indian resources,"" and the policy of self-determination.

BIA leasing policy has discouraged the development of Indian farmlands because of lack of uniformity in leasing procedures, discouragement of longterm lease contracts with realistic amortization periods for capital improvements and lack of workable sublease provisions. This has made it difficult, if not impossible for individuals to obtain long-term capital financing on Indian Reservations.

Because these leasing policies are based upon the highest bid it becomes extremely difficult, if not impossible in most cases, for lessees to rotate to lower cash value soil-building crops. The rental rates are set unrealistically high relative to the ability to derive income from the crops in a rotation designed to maintain the productivity of the farm. This has promoted a pattern of mining and abandonment of Indian lands which has further led to the decline in value of these lands.

BIA appraisals techniques are inappropriate. They are conducted by the fair market rental method, often using comparables of off-reservation lands of higher quality on well-developed irrigation projects as guidelines for rental valuation. These appraisal techniques are not done on the income approach and do not take into account the productive capability of the soils, the levels of noxious weed infestations, the drainage of the lands, the relative irrigation efficiency of the field design, the relative isolation of parcels, or the ability of the irrigation project to deliver water on a timely basis for optimum crop production.

III. USDA-ASCS Policy:

Compliance with ASCS programs requirements and BIA lease requirements are in many cases mutually exclusive. Because of BIA lease requirements which require both crop rotation and protection of crop bases by participation in commodity price support programs, a lessee who, in the third year of continuous cotton on a five year lease on a farm with no grain base and a high cotton base to cropland ratio, finds himself in a paradoxical situation when he has, in order to comply with the terms of his lease, to rotate to a grain crop and also participate in the price support program for cotton. He cannot plant grain because any plantings will be above the farm base (zero in this case) and would throw him out of compliance with the cotton program and if he does not plant grain he is in violation of his lease contract. This is a very common situation on Indian lands in southern Arizona. If he does not rotate his crop he is out of compliance with his lease and consequently ineligible for price support payments.

Problems also arise in the interpretation of ASCS payment limitation requirements especially in respect to the cash rent Tenant Provisions. The interpretation of these provisions has put Tribes and all individual Indian farmers at undue risk of being combined, as the landowner, as one person for payment limitation purposes with any lessee who, does not meet the cash rent provisions requiring contribution of capital, labor, management or equipment.

This is due, in part, to the fact that ASCS has taken the position that since the BIA is the Trustee of all Indian lands, the ASCS ties the ownership of the lands to the BIA. Thus, as the administration of ASCS regulations requires the application of the most restrictive rule, every individual Indian landowner including the Tribe becomes considered as one individual together with the lessee who has not met the contribution requirements of the cash rent tenant provisions and must be considered as one person with the landowner. This has had disastrous effects on the ability of the Tribes and individual Indians to participate in price support programs.

The ASCS has failed to recognize that a Tribe is a sovereign government and as such is an entity distinct from its members. As a government, the Tribe acts through its public officials and employees. As with any governmental entity, some of its positions are elected and may not be compensated, but the employees necessary to carry on governmental operations will of course be compensated. This governmental status is totally ignored in the ASCS interpretation.

IV. USDA-SCS:

Because of the overall decline in maintenance of Indian lands and the shortage of available water to lands currently in production there is a definite need for soil and water conservation programs on the reservation. These needs are such that, especially on reservations which have formed their own Natural Resource Conservation Districts, there is a necessity for establishment of a SCS field office on each Reservation to provide the technical assistance to Indian farmers and landowners to participate in cost share programs for conservation practices.

V. Financing:

It is very difficult to find commercial financing for improvement projects on Indian Reservations due to the nature of trust lands that cannot be encumbered and especially due to the fact that there is a lack of well developed irrigation systems which can provide timely delivery of water from an assured water supply in quantities sufficient to produce crops with reasonable margins of profit over a long term period to generate cash flow for the retirement of longterm capital debt.

This, together with leasing policies which do not allow realistic long-term amortization schedules to allow for the recovery of the investment into major capital improvements on reservation lands has been the major obstacle to development of Indian agricultural lands.

Programs which supposedly were to be made available to Tribes and Individual Indians for these purposes under the Indian Financing Act Amendments of 1984 PL 98-449 have never been made available. These programs have been tied up in the administrative process of the BIA and many requests on the local Agency level have been denied for lack of available funds.

Recommendations:

I. Irrigation:

1. Expedite the settlement of Indian water rights claims.

2. Clear the debt for construction and delinquent Operation and Maintenance charges which have been allowed to encumber Indian lands.

3. Streamline the process by which Indian Tribes contract under PL-638 that will eliminate the bureaucracy of BIA administration, which creates an unnecessary waste of funds for administration.

4. Under the direction and management of Tribes, complete the construction and upgrade Indian irrigation systems to efficiently deliver all entitled water to all irrigable lands as designated by Tribes, at no cost to Tribes.

5. Facilitate the turnover of Indian irrigation projects to Tribally chartered Water Users Associations or Irrigation Districts without termination of Federal Trust responsibility for maintenance funds for these projects.

6. Federal approval of Enabling Legislation by Tribal Governments for the purpose of creating Irrigation Districts.

II. Leasing:

The Tribes should develop their own policies for leasing and land use designation of Reservation lands. These policies should include provisions to:

1. Block irrigated land leases into manageable units.

2. Extend lease terms for irrigated lands to make possible the development of long-term landowner-farmer relationships which are necessary to the stability of Communities economy and to make possible the establishment of crop rotation programs, which include lower cash value soil-building crops, in order to preserve the productivity of the land.

3. Streamline leasing procedures-especially involving the leasing of allotted lands with fractionated heirship.

4. Provide economic incentives for land development which should include relaxation of sub-leasing restrictions in order to provide additional security for the provider of financing for capital improvements.

5. Establish a policy of Indian preference in leasing of Indian lands, where only lands in excess of the needs of the Indian community and its members would be let for lease to non-Indians.

6. Conduct land appraisals based upon "income approach"

III. USDA-ASCS Policy:

A joint meeting between Senate Select Committee on Indian Affairs and Senate Select Committee on Agriculture to address the severe problems for Tribes and individual Indians which have arisen from interpretation of the payment limitation regulations.

IV. USDA-SCS:

Establish a SCS field office on each Reservation to provide technical assistance to Indian farmers, ranchers and landowners for implementation of conservation practices.

IV. USDA-Cooperative Extension Service:

There is a great need in Indian Communities for Extension services. The needs range from development of agricultural education programs on the elementary and high school levels, 4-H youth programs, assistance in coordinating resources for the young entrepreneur who may need assistance in areas such as: application procedures for conservation programs, preparing loan applications and financial statements, etc., to continuing education in current trends in farm business management, soil, water, and range conservation, weed and insect control, etc. for the established farmer and rancher.

It is important that Extension offices be located on Reservations to be able to provide these services and they must be funded directly by block grant funding to be administered by Tribes.

VI. Financing:

Consolidate all funding programs targeted for Indian Communities such as: funding for rural Economic development programs, Indian Business development programs, Farmers Home Administration loans,

Small Business Administration loans, HUD, BIA, Grants, direct loans and loan guarantee programs, B.O.R. grants and loans, etc., under one program and contract the administration of this program directly with Tribes. The local Tribal Government should have the responsibility within certain legislative guidelines of setting the criteria for determining which projects should be funded and should determine allocation needs of the Community. This will eliminate much of the bureaucratic and administrative losses, achieve greater accountability, streamline application procedures, increase the awareness of funding programs and allow the monies to be used by the Tribes for the purpose for which it is intended.

This concludes the testimony of the Gila River Land and Water Users Association. Thank you for the opportunity to present our concerns.

Footnotes

[1] Gila Reservation Well Efficiency Tests, August 1989 (attached)

[2] Landowner's Agreement with the Secretary of the Interior, San Carlos Project: Act of June 7, 1924 page 4, paragraph 1.

[3] Gila Reservation Well Efficiency Tests, August 1989 (Attachment)

[4] Reference: Report on the Current Status of Indian Irrigation Projects Administered by the Bureau of Indian Affairs. Prepared for: The Assistant Secretary - Indian Affairs by the National Irrigation Committee, May 1988 (herein after referred to as the "Blue Report"), pages 2, 11.

[5] Blue Report, pg 1, 7

[6] Blue Report, pg 2,11,46

[7] Blue Report, pg 32

[8] Blue Report, pg 35

GILA RIVER INDIAN COMMUNITY
RESOLUTION GR-04-89

WHEREAS, Agriculture is the traditional economic base of the Gila River Indian Community; and

WHEREAS, The future economic prosperity of the Gila River Indian Community hinges upon a viable agricultural industry, controlled by Community members to supply the needs of the growing urban areas surrounding the Reservation; and

WHEREAS, There is a need to emphasize the development of the Gila River Indian Community land and water resources for the future growth and development of the Reservation economy; and

WHEREAS, There is an immediate need for subjugation of allotted lands within the Gila River Indian Community for their eligibility for Central Arizona Project and Salt River Project Water rights which are currently being negotiated for; and

WHEREAS, The long-term commitment that is required for subjugation and improvement of community lands is most likely to be assumed by a member of the community, whose immediate family, relatives, and neighbors benefit directly and indirectly from their involvement in a community business enterprise; and

WHEREAS, It would be of benefit to the Gila River Indian Community to implement policies that encourage and support involvement by community members in agricultural leasing; and

WHEREAS, There are sufficient numbers of community member farmers with the capabilities to lease, develop and manage community lands on a long-term basis; and

WHEREAS, Current BIA leasing policies are inconsistant with the long-range goals of the Gila River Indian Community:

1) Appraised rental rates of unimproved lands relative to improved lands in other areas are unrealistically high.

2) Current policies discourage long-term improvement leases.

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3) These policies make improvement practices cost prohibitive for most lessees.

4) These policies encourage the depletion of the soils by setting rental rates by appraisal and bid procedures at levels which make crop rotation economically unfeasible; and

WHEREAS, The BIA has continually ignored its trust responsibility to improve and maintain adequate water delivery systems to community lands. This disregard of responsibility has resulted in economic damages to the community; and

WHEREAS, BIA Secretary, Ross Swimmer, mandated that the Bureau give priority to the development of Indian agricultural lands; and

WHEREAS, In recognition of this mandate a National Indian Agricultural Association of Tribal governments has been formed to promote agricultural development and encourage involvement of Indian community members in agricultural enterprises; and

WHEREAS, Tribal governments from the state of Arizona, in recognition of the importance of large tribal agriculture enterprises and substantial investments into the agriculture industry, have organized the Southwest Indian Agricultural Association to promote extensive involvement of Indian community members in agricultural enterprises; and

WHEREAS, There is an immediate need to promote and support the long-term goals and objectives of the Tribal Economic Development Plan to establish a consistent and stable economic base for the community; and

NOW, THEREFORE, BE IT RESOLVED, by the Gila River Indian Community Council, that:

1) The Council recognizes the importance of agriculture as the traditional base of the Reservation economy and that the Gila River Community, rather than the Bureau of Indian Affairs will determine the highest and best uses for community lands and direct the future growth and development of the Community's economy.

2) The Council mandate that the BIA adopt leasing policies subject to the approval of the Council. These policies will include:

   a. Consistant appraisal techniques.
   b. Recognition of variability of land quality and water availability.
   c. Community member preference in leasing of Community lands.
   d. Priority consideration of development leases.

3) That the Council mandate that the BIA will meet their responsibilities in improving and maintaining water delivery systems to Community lands.

BE IT FURTHER RESOLVED, that the Gila River Community Council hereby endorses and supports the efforts of community members to establish and maintain farming enterprises on community lands and will adopt policies that will provide economic incentives for community members to become involved in Reservation agriculture and supportive businesses.

C E R T I F I C A T I O N

Pursuant to authority contained in Article XV, Section 1, (a) 1, 4, 17 and Section 4 of the amended Constitution and Bylaws of the Gila River Indian Community ratified by the Tribe, January 22, 1960, and approved by the Secretary of the Interior on March 17, 1960, the foregoing Resolution was adopted this 4th day of January 1989, at a REGULAR Council Meeting held in District #3, Sacaton, Arizona at which a quorum of 13 members were present by a vote of 10 FOR: 3 OPPOSE: 0 ABSTAIN: 4 ABSENT: 0 VACANCY.

GILA RIVER INDIAN COMMUNITY

Thomas B. White
GOVERNOR

ATTEST:

Janice L. Ogden
TRIBAL COUNCIL SECRETARY

GILA RESERVATION
WELL EFFICIENCY TESTS AUGUST, 1989

NOTE:Geokin information was not obtainable for wells 42,46,53B,57,60, and 64.

ON-RESERVATION SAN CARLOS IRRIGATION PROJECT WELLS

WELL NO.	PIPE ID (ft)	PIPE AREA (sqft)	MANOM VEL (f/s)	CAPACITY (cfs)	CAPACITY (gpm)	LIFT (ft)	10 REV (sec)	MULTI PLIER	DISK CONS	HP IN	TOT EFF (%)	COMMENTS
15	1.000	0.785	4.5	3.53	1586	132	74.1	40	4.80	125.0	42.2	
33	0.833	0.545	4.0	2.18	978	132	163.1	80	4.80	113.6	28.7	
34B	0.740	0.430	6.5	2.80	1255	157	115.4	80	4.80	160.6	31.0	
35B	0.833	0.545	5.7	3.11	1394	126	132.9	80	4.80	139.4	31.7	
36B	0.833	0.545	3.8	2.07	929	186	92.7	80	2.40	99.9	43.7	
37	0.854	0.573	6.2	3.55	1594	156	56.4	80	2.67	182.9	34.3	
38B	0.833	0.545	5.9	3.22	1443	152	88.6	80	2.40	104.6	53.0	Estm. lift
39	0.833	0.545	8.0	4.36	1957	171	96.4	80	4.80	192.2	44.0	
42	0.667	0.349						30				No start
43B	0.833	0.545	---	2.28	1029	134	93.7	80	2.40	98.9	35.2	Trajectory
44	0.833	0.545	9.5	5.18	2324	90	61.5	40	2.67	83.9	63.0	
45	0.833	0.545	8.5	4.63	2079	87	40.1	80	2.40	231.0	19.7	
46	0.833	0.545						30				Non active
47	0.833	0.545	8.2	4.47	2006	86	50.6	40	2.40	91.5	47.6	
49b	1.000	0.785	6.4	5.03	2256	102	71.7	40	4.80	129.2	45.0	
49	0.833	0.545	6.4	3.49	1565	83	36.6	1	57.60	75.9	43.2	
51	0.833	0.545	5.6	3.05	1370	139	98.2	40	4.80	94.4	50.9	
52	0.833	0.545	5.8	3.16	1419	140	136.4	80	4.80	135.9	38.5	
53B	0.833							80	2.40			Non active
55	1.000	0.785	6.8	5.34	2397	128	71.7	40	4.80	129.2	60.0	Lift prob.
56	0.833	0.545	---	3.17	1424	213	78.6	40	4.80	117.9	65.0	Lift prob.
57								40				Non active
58	0.833	0.545	5.6	3.05	1370	113	44.6	40	2.40	103.9	37.6	
60	1.000	0.785						40				Non active
61B	0.833	0.545	7.2	3.92	1761	92	167.5	80	4.80	110.7	37.0	
64	0.833	0.545							4.80			No start
65	0.833	0.545	4.8	2.62	1174	121	70.9	40	2.40	65.4	54.9	
66B	0.854	0.573	6.9	3.95	1774	96	38.7	40	2.40	119.8	35.9	
67	0.833	0.545	8.8	4.80	2153	100	35.4	40	2.40	131.0	41.3	
69B	0.833	0.545	9.1	4.96	2220	101	71.2	80	2.40	130.2	43.6	
69	0.833	0.545	5.8	3.16	1419	115	149.7	80	4.80	123.8	33.3	
70	0.667	0.349	7.7	2.69	1209	149	76.2	40	4.80	121.7	37.3	
71	0.667	0.349	5.7	1.99	894	129	48.9	20	4.80	94.7	30.8	
72B	0.833	0.545	4.5	2.45	1101	131	85.7	40	4.80	108.1	33.7	
88	1.000	0.785	---	1.12	504	148	57.3	40	2.40	80.9	23.3	Trajectory
94	0.833	0.545	6.8	3.71	1663	167	115.7	80	4.80	160.2	43.8	
95	0.854	0.573	7.7	4.41	1980	101	82.9	40	4.80	111.8	45.2	
98A	0.667	0.349	5.0	1.75	784	128	82.7	30	2.67	46.8	54.2	
98B	0.833	0.545	4.6	2.51	1125	173	183.6	80	4.80	100.9	48.7	
109	1.020	0.817	---	3.12	1400	112	82.5	120	2.67	187.4	21.1	Estm. Q
121	0.833	0.545	7.1	3.87	1737	118	131.5	40	4.80	70.5	73.4	
123	0.833	0.545	5.5	3.00	1345	300	26.0	40	2.40	178.5	57.1	Lift prob.
124	0.833	0.545	2.4	1.31	587	185	120.8	40	4.80	76.7	35.8	
125	0.833	0.545	3.4	1.85	832	122	295.5	80	4.80	62.7	40.8	
126	0.844	0.559	8.4	4.70	2109	97	83.0	40	4.80	111.7	46.3	
130B	0.854	0.573	5.0	2.86	1285	208	43.3	80	2.40	213.8	31.6	Lift prob.
131	0.833	0.545	6.5	3.54	1590	161	67.0	80	2.40	138.3	46.7	
132	0.854	0.573	7.0	4.01	1800	224	85.9	60	4.80	161.7	62.9	
134	0.844	0.559	8.4	4.70	2109	82	69.6	40	4.80	133.2	32.8	
AVERAGE				3.36	1510	137	90.1			122.1	42.5	

LANDOWNERS' AGREEMENT WITH THE SECRETARY OF THE INTERIOR, SAN CARLOS PROJECT: ACT OF JUNE 7, 1924

WHEREAS the act of Congress approved May 18, 1916 (commonly called the Indian appropriation act for the fiscal year ending June 30, 1917, 39 Stat. L., 123–130), provides, among other things, as follows:

For beginning the construction by the Indian Service of a diversion dam and necessary controlling works for diverting water from the Gila River at a site above Florence, Arizona, as estimated by the Board of Engineer Officers of the United States Army in paragraph one hundred and thirty-eight of its report to the Secretary of War of February fourteenth, nineteen hundred and fourteen (House Document numbered seven hundred and ninety-one), $75,000, to remain available until expended, the total cost not to exceed $175,000: *Provided*, That said dam shall be constructed as a part of a project for the irrigation from the natural flow of the Gila River of Indian lands on the Gila River Indian Reservation and private and public lands in Pinal County, Arizona: *And provided further*, That the water diverted from the Gila River by said diversion dam shall be distributed by the Secretary of the Interior to the Indian lands of said reservation and to the private and public lands in said county in accordance with the respective rights and priorities of such lands to the beneficial use of said water as may be determined by agreement of the owners thereof with the Secretary of the Interior or by a court of competent jurisdiction: *And provided further*, That the construction charge for the actual cost of said diversion dam and other works and rights shall be divided equitably by the Secretary of the Interior between the Indian lands and the private and public lands in said county; and said cost as fixed for said Indian lands and shall be reimbursable, as provided in section two of the act of August twenty-fourth, nineteen hundred and twelve (Thirty-seventh Statutes at Large, page five hundred and twenty-two); but the construction charge as fixed for the private and public lands in said county shall be paid by the owner or entryman in accordance with the terms of an act extending the period of payment under reclamation projects, approved August thirteenth, nineteen hundred and fourteen (Thirty-eight Statutes at Large, page six hundred and eighty-six): *And provided further*, That said project shall only be undertaken if the Secretary of the Interior shall be able to make or provide for what he shall deem to be satisfactory adjustments of the rights to the water to be diverted by said diversion dam or carried in canals, and satisfactory arrangements for the inclusion of lands within said project and the purchase of property rights which he shall deem necessary to be acquired, and shall determine and declare said project to be feasible.

And whereas the act of Congress approved June 7, 1924, entitled "An Act For the continuance of construction work on the San Carlos Federal irrigation project in Arizona, and for other purposes" (43 Stat. 475–476), provides as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior, through the Indian Service, is hereby authorized to construct a dam across the Canyon of the Gila River near San Carlos, Arizona, as a part of the San Carlos irrigation project, as contemplated in the report of the chief engineer of the Indian irrigation service submitted to the Commissioner of Indian Affairs on November 1, 1915, at a limit of cost of $5,500,000, for the purpose, first, of providing water for the irrigation of lands allotted to Pima Indians on the Gila River Reservation, Arizona, now without an adequate supply of water and, second, for the irrigation of such other lands in public or private ownership, as in the opinion of the said Secretary, can be served with water impounded by said dam without diminishing the supply necessary for said Indian lands: *Provided*, That the total cost of the project shall be distributed equally per acre among the lands in Indian ownership and the lands in public or private ownership that can be served from the waters impounded by said dam.

SEC. 2. That the construction charge assessed against the Indian lands shall be reimbursable to the Treasury of the United States on a per acre basis under such rules and regulations as the Secretary of the Interior may prescribe, and there is hereby created a lien against all such lands, which lien shall be recited in any patent issued therefor, prior to the reimbursement of the total amount chargeable against such land: *Provided*, That after said project is completed, the Secretary of the Interior is hereby authorized, in his discretion, with the approval of the Pima Indians, to sell, at public auction, at not less than the appraised value thereof, such surplus lands not now allotted within said Gila River Indian Reservation as he may determine to be irrigable from return and drainage waters, the proceeds of such sales to be deposited in the Treasury to reimburse the United States in part for the construction charge assessed against the Indian lands.

SEC. 3. The Secretary of the Interior shall by public notice announce the date when water is available for lands in private ownership under the project, and the amount of the construction charge per irrigable acre against the same, which charge shall be payable in annual installments, the first installment to be 5 per centum of the total charge and be due and payable on the 1st day of December of the third year following the date of said public notice, the remainder of the construction charge, with interest on deferred amounts from date of said public notice at 4 per centum per annum, to be amortized by payment on each December 1st thereafter of 6 per centum of said remainder until the obligation is paid in full: *Provided*, That the operation and maintenance charges on account of land in private ownership or of land in Indian ownership operated under lease shall be paid annually in advance not later than March 1st, no charge being made for operation and maintenance for the first year after said public notice. It shall be the duty of the Secretary of the Interior to give such public notice when water is actually available for lands in private ownership.

SEC. 4. That no part of the sum provided for herein shall be expended for construction on account of any lands in private ownership until an appropriate repayment contract in accordance with the terms of this act and, in form approved by the Secretary of the Interior, shall have been properly executed by a district organized under State law, embracing the lands in public or private ownership irrigable under the project, and the execution thereof shall have been confirmed by decree of a court of competent jurisdiction, which contract, among other things, shall contain an appraisal approved by the Secretary of the Interior, showing the present actual bona fide value of all such irrigable lands fixed without reference to the proposed construction of said San Carlos Dam, and shall provide that until one-half of the construction charges against said lands shall have been fully paid, no sale

of any such lands shall be valid unless and until the purchase price involved in such sale is approved by the Secretary of the Interior, and shall also provide that upon proof of fraudulent representation as to the true consideration involved in any such sale, the Secretary of the Interior is authorized to cancel the water right attaching to the land involved in such fraudulent sale; and all public lands irrigable under the project shall be entered subject to the conditions of this section which shall be applied thereto: *Provided further*, That no part of any sum provided for herein shall be expended for construction on account of any lands in private ownership until all areas of land irrigable under the project and owned by any individual in excess of one hundred and sixty irrigable acres shall have been conveyed in fee to the United States free of encumbrance to again become a part of the public domain under a contract between the United States and the individual owner providing that the value as shown by said appraisal of the land so conveyed to the United States shall be credited in reduction of the construction charge thereafter to be assessed against the land retained by such owner; and lands so conveyed to the United States shall be subject to disposition by the Secretary of the Interior in farm units at the appraised price, upon such terms and conditions as he may prescribe.

SEC. 5. The Secretary of the Interior is hereby authorized to perform any and all acts and to make such rules and regulations as may be necessary and proper for the purpose of carrying the provisions of this act into full force and effect; and the money hereby authorized to be appropriated shall be available for the acquiring of necessary right of way by purchase or judicial proceedings and for other purposes necessary in successfully prosecuting the work to complete the project.

And Whereas the undersigned declares that he is the owner of approximately ..... acres of land in the Florence-Casa Grande Valley, Pinal County, Arizona, which he wishes to have included in the said San Carlos project under the conditions hereinafter stated and which land is hereinafter described and appraised.

Now, therefore, and in order to aid in the accomplishment of the purposes of said last-mentioned act, the said undersigned owner of the lands aforesaid covenants, promises, and agrees to and with the Secretary of the Interior and with all other landowners who may be included within said project, in consideration of the premises, the promises of said other landowners, and the work already done or which may hereafter be done by the United States in connection with said project, that if and when the Secretary of the Interior within three years from January 1, 1926, shall declare this agreement approved and shall include in said project the land of the undersigned if any now forming a part of the Florence-Casa Grande project, at least to the extent of 160 acres thereof, or the full amount of such land owned by the undersigned if the same is less than 160 acres, and which the undersigned owns and is willing to have so included as hereinafter indicated, or if the undersigned has no land in the Florence-Casa Grande project, shall include in said San Carlos project all or any part of the land of the undersigned which he is willing to have so included as hereinafter indicated, then such of said lands of the undersigned as by order of the Secretary of the Interior, under the conditions herein stated, shall be included within said project and the water rights attached, appurtenant to, or used in connection therewith, whether vested or inchoate, except well-water rights, a subject to be hereinafter separately treated, shall be included in and become a part of said San Carlos project and said water rights shall at once be and become the property of the United States for use upon and in connection with said San Carlos project; and all of said lands so included in said project, together with the interest of the undersigned in the water rights of said project, shall at once be and become burdened with and subject to a first lien, so far as this agreement can make the same a first lien, to secure to the United States the full payment of a pro rata share of the entire cost of said project and all of the betterment, operation, and maintenance charges, and penalties in connection therewith; and the undersigned further hereby agrees that, if and when notified so to do by the Secretary of the Interior or his duly authorized agent or agents, he will promptly further convey or cause to be conveyed to the United States by good and sufficient deeds or other instruments satisfactory to the Secretary of the Interior, for use upon and in connection with the said project the water rights now appurtenant to said lands; and further agrees that he will by good and sufficient mortgages, deeds of trust, contracts, or other instruments of writing satisfactory to the Secretary of the Interior further cause the pro rata share of the entire cost of said San Carlos project, properly apportionable to said lands, and all betterment, operation, and maintenance charges upon said lands and upon his interest in the water rights of said project and of any water rights for said lands that he may hold individually or as against said project or as against other individuals in said project on account of said lands, except well-water rights which are hereinafter separately treated, to become a first lien so far as he can make it such upon said lands and said water rights; and the undersigned agrees that with respect to each parcel of his lands which are hereinafter described and appraised the appraisement stated may be taken as the true appraisement and value of said parcel, fixed without reference to the proposed construction of the said Coolidge Dam for all purposes of said San Carlos Act; and the undersigned agrees that his lands described and appraised as follows:

Description *Appraisement*

shall become a part of said project as and to the extent that they shall be so designated by the Secretary of the Interior, under the conditions aforesaid; and he agrees further that to the extent that said lands so designated shall exceed 160 acres he will convey so much of such excess as still may be owned by him, when the repayment contract shall be approved as hereinafter provided, to the United States to become a part of the public domain thereof, as required by said San Carlos Act, and that the value of said lands so conveyed as shown by the said or any appraisal made hereunder, to the extent that it shall not exceed the construction charge assessed against the lands retained by him, shall be credited in reduction of such charges; and he agrees that in an endeavor to aid the Secretary of the Interior in disposing of said excess lands and in accounting to the undersigned for the value thereof which may exceed the construction charge to be assessed against the lands retained by him, he will try to assist the said Secretary to arrange sales thereof on long-time payments or otherwise, and in every way, so far as he is able, will endeavor to assist in the disposition of said lands.

The undersigned further agrees to comply in all respects with the said last-mentioned act of Congress and, so far as he is able, to cause the district, to be organized thereunder, so to comply; and should the appraisement hereinabove made fail to meet the approval of the Secretary of the Interior, he agrees that the value of his said lands may be fixed for all purposes of said act by a board of three appraisers consisting of one member who shall be appointed by the board of governors of the Florence-Casa Grande Water Users' Association and two members appointed by the Secretary of the Interior, one of whom, if he shall find it feasible, shall be an appraiser of the farm loan organization of the United States.

The said San Carlos project shall consist of and be constructed, operated, and controlled as follows:

The San Carlos project works and structure shall consist of the Ashurst-Hayden Diversion Dam and the canals and all other works and structures of the present Florence-Casa Grande project to the extent that the same may be made available for the San Carlos project as herein and otherwise lawfully provided, and of the Coolidge Dam and Reservoir which are to be constructed; and they shall also consist of adequate extensions of the works and structures just described and a fitting system of lateral ditches to supply the white lands in said San Carlos project, with equivalent benefits for the Indian lands thereof, if such extensions and lateral systems shall be arranged for as hereinafter provided; and shall consist also of such other works and structures as may be in the future determined upon by the Secretary of the Interior with the approval of the owners of a majority of the acres of the white lands which may at any time be included in said project, or with the approval of the duly authorized board of directors or other proper officers of any district in which the lands of the undersigned may be included and which may have entered into a contract with the United States for the inclusion of the lands of said district in said project.

And the said works of said project shall further consist of such gates, drops, and other structures and appliances to make efficient and to be used in connection with said dams, canals, and reservoir as shall be determined upon as necessary or appropriate by the said Secretary of the Interior.

The water rights which shall be attached to and used in connection with said project shall consist of all water rights now appurtenant to or used in connection with the said Florence-Casa Grande project, to the extent that the same may be made available for the San Carlos project as herein or otherwise lawfully provided, whether said rights be vested or inchoate, and of all water rights appurtenant to or used in connection with the private lands not now in said Florence-Casa Grande project but which shall become a part of the said San Carlos project, except well-water rights which are hereinafter separately treated, and of all water rights reserved, appropriated, or otherwise held or acquired by the United States for said San Carlos project and also of so much of the water rights from the Gila River above the confluence therewith of the Salt River now owned by the United States or said Indians for or on account of or appurtenant to said Gila River Indian Reservation and the San Carlos Indian Reservation, except water rights in that tributary of the Gila River known as the San Carlos River, and except water rights of the United States or of the Indians in the Gila River, which shall be retained by the Secretary of the Interior for the use of the Indians of the said San Carlos Reservation, and except well water rights, as together with all water rights of said project, shall be needed and available for use on or in connection with the lands embraced in said project. All underground and also all diffused surface water under, in or upon the white lands embraced in the said San Carlos project, except such as may from time to time be needed and utilized by the owners of such lands for their domestic water supply, shall at all times be available to said project for development and use as an irrigation water supply for said project; and the undersigned promises and agrees, in respect to his land which shall be taken into said project, to give to the United States or said project the necessary rights of way for the use of such waters and agrees further not to drill or operate wells in any other way or use or permit others to use said waters for irrigation contrary to any rules, orders, or regulations promulgated by the Secretary of the Interior with relation to said waters on said project.

The undersigned further agrees that any and all wells, pumps, or other means of using for irrigation underground or diffused surfaced waters, which are or may be upon the lands of the undersigned which shall be taken into the said project, may be purchased by the United States or by any district hereunder, with the approval of the Secretary of the Interior, for use in connection with said project, at a price to be fixed by a board of two appraisers, one to be appointed by the undersigned, and one as the Secretary of the Interior shall determine, and in the event that such appraisers can not agree, they may select a third, and two of the three shall fix such price.

Such underground and diffused surface waters as may be under, in, or upon Indian lands embraced in said project and the wells, pumps, and facilities in connection therewith, in so far as shall be permitted by law and in so far as the Secretary of the Interior shall deem proper, shall be devoted to the use and benefit of said project and the lands thereof.

The Secretary of the Interior shall have and he is hereby given the right to use for the San Carlos project the dam, the canals, and all other works and structures and all water rights of the Florence-Casa Grande project upon such terms and under such conditions as he shall deem fair to both of said projects and to the Indians and to the individuals having rights therein, provided however, that any lands in the Florence-Casa Grande project which for any reason are not taken into and do not become a part of the San Carlos project shall not be deprived in any way of irrigation under the said Florence-Casa Grande project and the owners thereof shall retain the right to have said lands irrigated under said Florence-Casa Grande project as fully as if the same were in no way merged into the San Carlos project.

The lands to be embraced in said San Carlos project and to be irrigated thereunder, shall consist of: (1) Such allotted lands in the Gila River Indian Reservation as the Secretary of the Interior shall designate; said lands, however, shall not exceed 50,000 acres, but, within that limitation, may include all irrigable allotments on said reservation which the Secretary of the Interior shall decide are not already adequately supplied with gravity water for irrigation, and which, either as at present located or as the location thereof may be changed, can be irrigated under said project, and which he shall at any time, or from time to time, designate as temporarily or permanently entitled to the Indian water rights under said project; (2) the 27,000 acres, more or less, of privately owned lands in Pinal County, Arizona, which now constitute the white lands in said Florence-Casa Grande project, provided, and to the extent that the owners thereof place their respective lands in said San Carlos project, in full compliance with the terms of said act of June 7, 1924, and under this agreement, and with the approval of the Secretary of the Interior; (3) such additional private and public lands as the Secretary of the Interior shall include in said project by making designations thereof within three years from January 1, 1926, and which shall be brought into said project in full compliance with said last-mentioned act; (4) and all such other lands of any character whatsoever, as may be included in said project from time to time in compliance with law and in the manner hereinafter provided.

In order that the said San Carlos project may be susceptible of extension from time to time as occasion may demand, other lands than those mentioned in subdivisions (1), (2), and (3) in the foregoing paragraph may be included in said project by a duly authorized vote of the board of directors of the district to be organized as

hereinafter provided. Said and all extensions of such project, however, shall be made only upon the approval of the Secretary of the Interior and the said Secretary shall be the judge of all proceedings in regard thereto, and his decision that such an extension has been made or has not been made, shall be final.

And the undersigned agrees that no lands of his which shall be included in said San Carlos project, shall, with his consent or without his consent if he can prevent it, be included in any irrigation, power, drainage, or other district or be burdened with any improvement tax or other lien which shall displace or share with the lien or liens of the United States on account of said San Carlos project, except upon the approval of the Secretary of the Interior.

In the manner hereinabove provided for extending the area of said project, the said project's activities may be extended to include the building and operation of dams and reservoirs, and of transmission lines and all other accessories for the purpose of generating, selling, purchasing, and dealing in electric power; and may include the development of water and the use thereof by said project by pumping or other means and the drainage of the lands of said project and the selling of surplus power and water and water rights; and by the same procedure, and without said procedure if the Secretary of the Interior shall deem it proper or shall be authorized or instructed so to do by any act of Congress, the Secretary of the Interior may acquire by condemnation or otherwise any canals, pumps, reservoirs, water rights, electric power, power lines, power rights, rights of way, or other property necessary or useful in connection with said project which now or hereafter may belong to the undersigned or to other owners of private lands in said project, and may extend the main canals of said San Carlos project acquired or made available from the Florence-Casa Grande project and thereby and by acquiring or building an adequate system of lateral ditches may provide for carrying the water of said project to the white lands thereunder, all as a part of the works of and at the cost of said project; but if the United States shall extend said canals or construct a system of lateral ditches for said white lands the Secretary of the Interior is hereby authorized at the cost of said project to expend a sum equivalent to the full cost thereof to said project, for the reimbursement of the United States for purchase or construction of ditches and canals on the Gila River Indian Reservation for the irrigation of Indian lands in said project; and if the United States shall expend money for the acquisition of pumps, wells, electric power, or other property or rights for the utilization of underground waters for the benefit of the white lands of said project, under the authority in this paragraph granted, the Secretary of the Interior is hereby authorized, at the cost of said project, to spend a like sum for a like benefit to the said Indian lands and said expenditures may in his discretion take the form of reimbursing the United States or said Indians for pumps, wells, and electric power already in existence on said Indian reservation.

The Secretary of the Interior is hereby further authorized, in his discretion, and without further authority than that given hereby, to include in said project any lands he may deem it feasible so to include which may be above the Coolidge Reservoir, and to include them upon such terms as he thinks proper; and is authorized to permit such lands to use the unstored flow of the Gila River in so far as the said project may be entitled to use the same, to the extent that said Secretary shall deem proper and so long as there shall be, in his opinion, water sufficient for the irrigation of the other lands in said project, stored in said reservoir or other reservoirs for said project belonging to the United States or to said project.

There shall be attached and made appurtenant to the Indian and white lands in said project water rights of said project as follows:

All Indian and white lands which shall be in said San Carlos project and under said Coolidge Reservoir shall be entitled to share equally in all of the stored and pumped water of said project in so far as that shall be physically feasible, and said lands shall share equally in all of the water of said project of every nature as long as the stored and unstored water supply for said project shall be sufficient for the project's needs, and as far as that shall be physically feasible; but when, through lack of stored and pumped water, there shall be an insufficient supply of water for all of the lands of said project lying under said reservoir, the said lands so situated shall enjoy in addition to their proper share of such stored and pumped waters as may be available to the project, but within a proper duty of water allowance, the following rights in the unstored flow of the Gila River, and the Secretary of the Interior or his duly authorized agent shall determine when the stored and pumped supply of water for said project is insufficient as aforesaid: Until the Coolidge Dam is constructed and stored waters are thus made available for said project, and also after the stored and pumped waters of said project shall have been exhausted or depleted as hereinabove just stated, the unstored flow of the Gila River available and susceptible of being diverted for the Indian and white lands of the Florence-Casa Grande project shall be divided between the said Indian and white lands and distributed to such lands, whether the same shall then be also included in the San Carlos project or not, in accordance with the so-called Florence-Casa Grande agreement, and then any surplus that may remain in the said river and be available for other lands included in the San Carlos project shall first go to other Indian lands included in the San Carlos project, and then shall be divided as equitably as may be among the private and public lands of the San Carlos project, which are not also included in the Florence-Casa Grande project.

The Secretary of the Interior or his agents shall from time to time determine and fix the duty of water for all privately-owned lands in said San Carlos project and for said Indian lands, and he is hereby authorized to make reasonable rules and regulations for the use of water and for the management of said project.

The owners of the private lands which shall be included in said San Carlos project hereby authorize the Secretary of the Interior to carry in the canals of said project water other than that belonging to said project, whether the same comes from wells or otherwise, and generally to permit all uses of the facilities and works of said project that he may think proper and which shall not be inconsistent with the interests and purposes of the project, all upon such terms of compensation to be applied to the benefit of said project and under such conditions and restrictions as he shall decide to be for the best interests of said project.

Said owners furthermore agree and promise that they will, as soon as possible and under the general direction of the Secretary of the Interior, organize themselves into such a district as the Secretary of the Interior shall direct, so as to handle and control the privately-owned distributing systems leading from said project canals and be able to act as a unit in all dealings with the said Secretary, and said organization in form and nature shall be made in all respect satisfactory to the Secretary of the Interior, and such district which shall embrace the private lands irrigable under said project, shall enter into an appropriate repayment contract in accordance with the terms of the hereinbefore-mentioned act of Congress of June 7, 1924, the execution whereof shall be confirmed by the decree of a court of competent jurisdiction, and which contract, among other things, shall contain an appraisal approved by the Secretary of the Interior showing the actual bona fide value of all private and public lands in said project, fixed without reference to the proposed construction of the said Coolidge Dam, which appraisal may be the one herein made or the one herein provided for, and which contract shall provide that until one-half of the construction charge against said lands shall have been fully paid, no sale of any such lands shall be valid, unless and until the purchase price involved in such sale is approved by the Secretary of the Interior and shall in all other respects fully conform to the said last-mentioned act of Congress.

It is further agreed that the time of determination of whether the undersigned or any owner of land irrigable under said project is the owner of more than 160 acres of irrigable lands in the said San Carlos project under the said San Carlos Act, shall be the date when the contract between the district to be organized under this agreement, and the Secretary of the Interior as hereinabove provided, shall be approved by a court of competent jurisdiction as in said act provided; and the undersigned hereby agrees to convey in fee to the United States free of all incumbrances to again become part of the public domain, all areas of his above-described lands in excess of 160 irrigable acres which shall have been brought into said project and which he may still own at said date. It is further agreed that any money, notes, or securities received by the United States in payment for such excess lands or made available by the United States to pay for the same, which may be in excess of the sum retained and properly held for the payment of reclamation charges on the lands still held by the undersigned in said project will be promptly paid or turned over to the undersigned by the Secretary of the Interior, if he is or shall be authorized so to do; and the undersigned on his part, agrees promptly to make up any deficiency there may be in reclamation charges on the land retained by him over such sums as the Secretary may withhold for the payment of said charges.

The undersigned and all owners of private or public lands under the said San Carlos project hereby agree that the construction and operation and maintenance charges for said San Carlos project shall be payable, and they agree to pay the same, in accordance with the said last-mentioned act of Congress.

The undersigned in case and to the extent that he is an owner of lands included in the Florence-Casa Grande project, which shall also be included in said San Carlos project, will pay the reclamation and all other charges of said Florence-Casa Grande project as provided in the first above-mentioned act of Congress and in the said Florence-Casa Grande project agreement, or that if now or hereafter authorized so to do will pay the same according to the provisions of the said San Carlos act, and he further agrees that as and to the extent that lands owned by him which are not in the Florence-Casa Grande project are included in the San Carlos project he will pay his full share of the reclamation and other charges of the Florence-Casa Grande project as determined and in the way specified by the Secretary of the Interior.

The project works and water rights, subject to the individual rights in the San Carlos project and said Florence-Casa Grande project for which provision is herein made, until otherwise provided by Congress, shall be and remain the property of the United States. They shall be under the exclusive control and operation of the United States, except that their care and operation may be placed in the hands of the district herein provided for at the discretion and during the will of the Secretary of the Interior. The United States shall not be under any obligation to deliver water or to distribute the same otherwise than from said project reservoirs and canals. The Secretary of the Interior shall fix the site of the said Coolidge Dam and any other dams that may be built under said project and shall determine where all canals and other works of said project shall be situated and their capacity, and shall determine the kind of dams, canals, and other structures to be built, and he shall also operate and maintain the same and all project works in accordance with the provisions herein and of present and future acts of Congress.

All extensions of main canals and all distributing ditches used to carry the project water to the individual lands in said project shall be built according to, and old ditches shall be made to conform to, designs, specifications, and locations approved by the Secretary of the Interior and shall be made or remade in all respects satisfactory to him, and if he shall so direct shall be operated under rules and regulations made by him.

The Secretary of the Interior shall be under no obligation to deliver water to the various private canals for lands not ready to make beneficial use thereof for irrigation; and those in control of such private canals shall not deliver water to lands under said canals the owners whereof the Secretary of the Interior or his agent shall declare to be in default in any of their payments herein provided for, or which for other reasons shall not be entitled to water. If the owners of the private lands in said project shall fail to provide adequate canals and ditches to carry the water of said project to each legal subdivision of such private lands within two years from the time when water therefor shall be available in said project canals, then the owner or owners of such lands as said private ditches shall not reach within said time shall forfeit the right to have their said lands so situated remain in said project and the Secretary of the Interior may, at his discretion, declare such forfeitures and exclude said lands from said project, and upon such terms as he shall consider just may substitute other private lands therefor.

In addition to the charge for the whole cost of said San Carlos project, which shall include the cost properly assessable to that project of the aforesaid Ashurst-Hayden Dam and all canals and works of every nature built or now building on account of the present Florence-Casa Grande project, as hereinabove provided, every owner of private lands under said San Carlos project shall also pay for the irrigation of his lands, whether or not he has facilities for using said water on his land, or diverting it from said project canals thereto, or has actually so used or diverted it, an operation and maintenance charge to be fixed from time to time by the Secretary of the Interior, based upon the total annual cost of the operation and maintenance of the said San Carlos project, and such charge shall be uniform throughout said project and made upon a per acre or acre-foot basis unless otherwise provided by agreement with said district and with the approval of the Secretary of the Interior. The said operation and maintenance charges as far as the works of the said San Carlos project are concerned which are to be built in addition to those already built or now building for the Florence-Casa Grande project, shall be payable as is provided by the said last-mentioned act of Congress and the rules and regulations of the Secretary of the Interior which shall be made thereunder and under this agreement; but the operation and maintenance charges of said project as far as they appertain to the delivery of water available under the Florence-Casa Grande project shall be due and payable when determined by the Secretary of the Interior. Betterment charges may be added to operation and maintenance charges under said San Carlos project by agreement between the Secretary of the Interior and the said district.

The undersigned further agrees to furnish the Secretary of the Interior or his agents, within 30 days from demand by any such agent, proper abstracts of title covering his said lands; and failing so to do hereby authorizes him or his agents to obtain the same at said owners expense. Said abstracts, after examination, shall be returned to their owners. The undersigned further agrees that if the Secretary of the Interior shall be of the opinion that the said undersigned is not the owner of the lands hereinabove described, or, being the owner, has been unable to place said lands in said project so that all project charges shall be a first lien thereon, then the Secretary of the Interior, may, at his discretion, allow the true owner thereof to become a signer of this instrument and represent the said lands or allow other lands to be brought into said project in place thereof.

In case by new legislation Congress shall further facilitate the merging of the Florence-Casa Grande project into the San Carlos project and the organization of said last-named project the Secretary of the Interior is hereby authorized by proper agreements with the said district to comply with such new legislation and arrange for the compliance therewith by all landowners under the said San Carlos project and compliance so made or arranged for, shall be binding upon the undersigned and all parties hereto.

After the Secretary of the Interior shall have approved this agreement as hereinabove provided for, and until the said Coolidge Dam and other project works shall be built and in operation, and the Secretary of the Interior may determine when said project works are in operation for the purposes of this paragraph, the United States shall be under no obligation with regard to the distribution of water for said project, but the Secretary of the Interior through his duly authorized agents may if he finds it practicable and desirable so to do, distribute or provide for the distribution of the waters belonging to said project according to the principles of the foregoing agreement and with special regard to insuring the continuance and protection of present uses and of those contemplated under the San Carlos project and the Florence-Casa Grande project, until such other works are built, in the manner that he shall find feasible and just under the circumstances.

If the Secretary of the Interior shall not approve this agreement within the time hereinbefore limited, then the same shall be of no further effect.

This agreement may be expressed and executed in and by as many separate instruments in the foregoing form, as may be convenient, all of which said instruments shall be taken together as evidencing a joint and several agreement for the organization, construction, and operation of the San Carlos project and the same shall

be binding upon and shall inure to the benefit of the heirs, executors, administrators, and assigns of the parties hereto.

IN WITNESS WHEREOF the undersigned ha... hereunto set ..... hand and seal this ..... day of ....., 192...

.....

.....

STATE OF ARIZONA,
County of Pinal, ss:

This instrument was acknowledged before me this .... day of ....., 1926, by the above-named ..... and ..... his wife.

IN WITNESS WHEREOF I have hereunto set my hand and seal of office.

.....
Notary Public.

STATE OF ARIZONA,
County of Pinal, ss:

This instrument was acknowledged before me this ... day of ....., 1926, by ....., president of the above-named ....., a corporation, and by ....., its secretary, both acting as such officers, respectively, for and on behalf of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and seal of office.

.....
Notary Public.

WAIVER OF LIEN

The undersigned, being the owner of a lien upon the above-described lands and water rights of the said

evidenced by a ..... recorded in vol. .... of the records of ..... county, Arizona, at page .... in consideration of the enhanced value of said lands and water rights resulting from their inclusion within the San Carlos project described in the foregoing agreement hereby consents and agrees to the inclusion of said lands and water rights in said project and the conveyance of said water rights to the United States, and convenants and agrees that all costs and charges against said lands and water rights on account of their inclusion in said project shall be a first lien upon said lands and water rights superior to and prior to his said lien.

.....

.....

STATE OF ARIZONA,
County of ....., ss:

This instrument was acknowledged before me this....day of ....., 1926 by the above-named ..... and ....., his wife.

IN WITNESS WHEREOF I have hereunto set my hand and seal of office.

.....
(Notary Public)

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1926

The Honorable Chairman Inouye
Chairman, Senate Select Committee on Indian Affairs
Washington, D.C.

Dear Honorable Chairman:

I am enclosing a copy of a letter that my husband, Mr. Luther Crasco, has written to literally everybody in the State of Montana, including Governor Stan Stephens, Don Wetzel, State of Montana Coordinator of Indian Affairs, along with his personal conveyance to FmHA and the Fort Belknap Indian Community, Tribal Government.

As you can see in his letter, my husband and I are current on our FmHA loans and think we stand in good stead.

Our greatest concern is the future and the feasibility of maintaining a sound and practical relationship with our lender, in this instance FmHA, Malta Montana Office. As stated in the attached letter, the process we Indians must face in trying to run a viable farm/ranch operation on the Reservation is not only compounded by inept or inconsiderate staff members but the practical working relationships with other lenders. We are facing real and grave financial structuring situations the more this process goes in this fashion.

I and my husband strongly urge that the United States of America, through your Committee, undertake the task of resurrecting the Indian Operator-Lender relationship that would allow for Indians, such as us, to operate in an economically viable manner and maintain a way of life on the Reservation. I enclose my husband's statements because we feel that some of the relationship is extremely precarious because of the racist and unsophicated demeanor that is forwarded to not only us but to my neighbors. We feel that some of the faith and credit that is inherent in FmHA is lacking in our relationship, is this true with non-Indians?

Thank You

Irene Crasco

Irene Crasco
Luther Crasco

HC 63, Box 5040
Dodson, Montana 59524

Rte. 1, [illegible]
HC 63 Box 5040
Dodson, Mt. 59524

Mr. Don Witzel
State Co-ordinator of
Indian Affairs
Helena, Mt. 59620

Dear Don,

First let me introduce myself as to who I am. My name is Luke Crosco. I reside on the Fort Belknap Indian reservation located in North Central Montana. I am an enrolled member of the Assiniboine tribe. I have lived here all my life, and am now actively engaged in the ranching business. I graduated from the Flandreau, Indian School, Flandreau, S. Dakota in 1962. I then went to school at Haskell Junior College, Lawrence, Kansas in 196[illegible]. I then worked at various construction jobs throughout the State of Montana until July of 1965, when I was drafted into the Army. I served 2 years in the Army. I am a Viet Nam veteran, having served there in 1965 and 1966.

When I got out of the service I come home and worked on a lot of Construction jobs. I still work on road construction for B. I. A. roads. I worked there seasonally since 1973. I am married and have a family of 2 children and 1 grand daughter.

In 1982 I became a loan client of FmHA in the Malta office I was previously a loan client of the Revolving Credit Program, of the Fort Belknap Tribes. After I became a FmHA client in 1982, I have seen 4 County Supervisors here in the Malta office. Every since I was a FmHA loan client, We had various problems with (every) supervision here.

I will not go into detail here on the previous supervisors, as it will take to long to explain it here. So I will stick to the present Supervisor, Mr. Ernie Becker, FmHA, Malta, office.

Last December 3, 1988, Mr. Becker my wife, Irene and I worked out a new 1989 Farm and Home loan Budge and program. Previous to making out a new program, I preg tested all my cows, which I do every year.

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2, had quite a few dry cows, so 2 culled them out of the herd. 2 turned the proceeds into FmHA. We then talked about replacing these cows to keep up my herd numbers, Mr. Becker and myself Mr. Becker said will just have to work that into our new program.

So, on December the 3rd, 1988 we worked out a new program, that cash flowed. Mr. Becker took it to the FmHA Committee Board, which they approved it, and Mr. Becker approved it.

Then, 2 sold the dry and cull cows, 2 was suppose to make a payment to Fort Belknap Tribes, of $3,400.00, which Mr. Becker would not do. 2 paid off my First Bank Havre, subordination (operating) loan, make all my FmHA payments and was current, which 2 still am.

There was a $5,600.00 carry over from the cow sales. Mr. Becker would not make the $3,400.00 payment to the Fort Belknap Tribes, Due to the very, very severe drought in 1988, state wide almost, 2 never got to put up any hay. So, when Mr. Becker would not make the Tribe payment, 2 told him 2 needed that $5,600.00 to buy me

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a couple loads of Hay to get started feeding my cows with.

Due, to the extreme drought there was no grass, short water supply, so consequently my cows were not in that great of a shape, physically, along with many, many other ranchers in our area.

Mr. Becker knew the plight of my situation then. Then to add more problems to the already bad situation, extreme and early cold winter set in for 1988. I was caught down there by Dec. 3rd 1988, in a very bad storm and cold weather I told Mr. Becker I need that $5,600.00 now to get hay to my cows.

Mr. Becker refused to release that money to me to buy hay for my cows. Instead he applied that $5,600.00 as an over payment to my FmHA loan. By the time I got my bank operating loan, the first part of January 1989, my cows were in very bad shape then, almost starved to death.

Mr. Becker had, no consideration, mercy, thoughtfulness on his own behalf. Instead he took the last 2 weeks in December 1988,

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On annual leave. When I was, broke, no money, no hay, my cows starving to death. Mr. Becker was gone.

When, I finally got my bank money, brought my cows home on January 14th 1989, I trailed them about 10 miles, thru deep snow, weird chill factor was down about -5° below zero. I noticed that some of my cows then had aborted there calves, from spice needle abortion, a very serious problem, when they are around pine tree

After I got them home there was cows aborting right and left them. I lost a lot of calves. So, I then sold the cows that aborted there calves. Now, due to that factor, my cattle numbers are way down from what I had, and I will not be able to meet all of my obligations now.

But, this goes right back and ties into my 1989 farm plan. In this new farm program I was budgeted to buy 50 bred cows and 2 bulls back. This never did happen to this day.

Under the new budget for 1989,

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I was approved to buy these cattle, along with a wheel line irrigation system.

I never got the irrigation system either. From Dec. 3rd 1988 to March 1989, Mr. Becker requested a new appraisal on my land. In March I got a letter from Mr. Becker stating that the FmHA could no longer service me since the land appraised decreased in value, by $14,000.00 plus.

Due to these factors, I am now in a very bad financial situation with FmHA. When we were working on the new farm plan for 1989, Mr. Becker said FmHA did not have any money. I told him that FmHA had money. I asked him how come he was setting in a brand new USDA building then.

Mr. Becker told me, that I never paid taxes, which was a very discriminating quote on his behalf. I then showed him my wage statement, where they held out taxes on me, a very substantial amount at that. Mr. Becker then said, "Well I mean you don't pay very much taxes."

I was mad as hell by then.

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I told Mr. Becker, "Ernie I am going to tell you something". Mr. Becker said "What" I told him "You know this whole state of Montana was Indian Country at one time, until you White people stole it from us. The way I feel about it now is that we Indians shouldn't have to pay taxes at all."

Mr. Becker said "Well would you like to have it back then" I said you damn right. Mr. Becker said "Well, how would you like it back then" I said "I'll start right here with the town of Malta, then give me all the farms around it. Mr. Becker just looked at me and said "Ha Ha" and got up and walked out of his office, over to the computer.

So, me that was a very bad discrimination act against us Native Americans, or Indians. Also at that same time on Dec. 3rd 1988, he kept telling us to go back to the B.I.A. and the Tribe for help. That is not our lenders, the FmHA is. He told Mr. Becker that we needed money to eat, he said can't you go back to the reservation and

VIII

sign up for commodities. He told him no, that we were not eligable to recieve them. He never said anything than.

To me, once again that is a discrimination act against Indians. I say, that the Fm H A does not operate in good faith.

Once again the meeting is scheduled at the Le Haven Inn in Havre, Mont. on Nov. 2nd at 10 o'clock A.M. time could change a little. Thank you for your time and consideration.

Sincerely yours

Lyle Crazy

Plane No.
673-3197

The Honorable Daniel Inouye
Chairman, Senate Select Committe on Indian Affairs
Washington, D.C.

Dear Mr. Chairman:

My name is Dora Helgeson, an enrolled member of the Assiniboine Tribe of Fort Belknap, a 74 year old widow, trying to make a living in the farming and ranching business on the Fort Belknap Indian Reservation. I have been involved with my deceased husband and my now grown children. We have helped our children start in this business and now must depend on them help me in my current health and age situation.

My husband, Raymond Helgeson, received an emergency FmHA loan in 1983 after he had received a (bad calf check) in 1982 when his bank could no long extend credit to him. In the fall of 1985, the contract officer from FmHA determined that I was not eligible for the then drought hay program benefits and instructed me to sell my cows down to what feed I have then available, with the verbal promise that I would be given a restocking loan in the Spring of 1986. With the arrival of Spring in 1986, I submitted a loan application package and was told that there were no monies available and has remained in this status ever since. My cow herd has went from 180 head to the now size of 100 head. My obligations to my creditors including the Bureau of Indian Affairs take all of the calf crop. A restocking loan and any other remedy available will have to be quickly implemented, preferably as soon as possible, as my ranch is in foreclosure status.

If I would have gotten the promised restocking loan in 1986, I would not be nor would I have allowed myself to be put into a position of possible foreclosure on my land and ranch even if I am advancing in age. I have formed a close bond with one of my sons who is very cooperative in assisting me in maintaining this position. Truly, I as an Indian should be allowed to determine the benefactors to my land not the Bureau of Indian Affairs, the Farmer Home Administration or the Bankrupcy Courts. I have lived all these years with the cultural belief that I should be able to pass on to my children some type of legacy just like White People.

Sincerely

Dora Helgeson

Dora Helgeson
Box 63
Lodge Pole Route
Dodson, Montana 59524

Mr. Stuart Jamieson, Coordinator of Native American Activities, Washington, D.C.

Mr. Clyde Beall
Senior Loan Officer, National Office, FmHA

Mr. Roger Meredith
FmHA Acting State Director

Dear Sirs:

Good Morning. My name is Kenneth Helgeson, I live and farm and ranch on the Fort Belknap Indian Reservation, near Lodge Pole Montana.

I am an enrolled member of the Assiniboine Tribe of Fort Belknap. I have served the United States of America in the Army through services rendered in 1966-67 in the Republic of Viet Nam.

I first attempted to secure financing through the FmHA in 1969. I was rejected because I owned nothing. I continued to pursue this matter until 1983 when a letter from then Senator John Melcher to someone in the FmHA Office which pusuaded them to give me a loan for start up. I have been shut off from any kind of monies since 1986. Consequently, my very existence in the cattle business is very questionable at this moment.

Is this another screw up that directly affects me?
Have you gentlemen considered sending the astronauts to the moon with a half tank of fuel?
It looks like this is what I have been handed in my attempt to make an honest living on this Reservation?

Gentlemen, do I have to write to another Senator to get the same services that I had been receiving or do you simply just shut me off, what do I have to do next?

I have heard what programs and services your Agency has to offer but this means nothing to me if you do not let me apply and receive those services.

Can you have your Agency review my file and make a truly unbiased decision that would be equitable and comparable to my non-Indian neighborhoods and in this case my non-Indian competitors?

Does this mean that I as an Indian have to lose my land to you guys twice?

I remain Kenneth Helgeson